Daily Report

Latin America

FBIS-LAT-90-040
Wednesday
28 February 1990

Daily Report
Latin America

FBIS-LAT-90-040 28 February 1990

CONTENTS

NOTICE TO READERS: An • indicates material not disseminated in electronic form.

CARIBBEAN

Cuba

GRANMA Article Analyzes Sandinist Defeat *[Havana TV]* 1
Commentary on Change in U.S. Nicaragua Policy *[Havana Radio]* 2
Soviets React to U.S. Statements on MiG's *[Havana Radio]* 2
BASTION Reports on U.S. 'Espionage' Flights *[Havana International]* 3
Havana Reveals Baker's 'Confidential Instructions' *[Havana TV]* 3
Roa Accuses U.S. of Human Rights Violations *[Havana Radio]* 3
Castro Meets With Vietnamese Defense Minister *[Havana TV]* 3
Rodriguez Marks Ministry's 30th Anniversary *[Havana TV]* 3
Gen. Batista Meets With Cienfuegos CDR Leaders *[Havana TV]* 4
Delegation Leaves for Uruguay Inauguration *[Havana TV]* 4
Satellite Dishes Produced Domestically *[Havana Radio]* 4
• Catholic Church Presence, Activity Discussed
[Frankfurt/Main FRANKFURTER RUNDSCHAU 4 Jan] 4

Inter-Caribbean Affairs

Brizan Calls for Regional 'Political Federation' *[CANA]* 7

Grenada

Leftist Leader Comments on Nicaraguan Elections *[CANA]* 7

CENTRAL AMERICA

Costa Rica

Calderon Offers 'Hand of Solidarity' to Chamorro *[ACAN]* 8

Guatemala

Cerezo Says Guerrillas No Threat to State *[Guatemala City TV]* 8

Nicaragua

Ortega Reports FSLN 'Conclusions' on Election *[Managua Radio]* 8
Ortega Comments on Defeat, Sandinist Reaction *[Managua Radio]* 11
FSLN Chief Warns Contras Not To Return Armed *[ACAN]* 12
Military Wants To Negotiate 'Rules of the Game' *[AFP]* 13
EPS Leader Torres Comments *[Managua Radio]* 13
President-Elect Chamorro Gives Message to Nation *[Managua Radio]* 13
Godoy Discusses Negotiations, Transfer of Power *[AFP]* 15
Godoy Complains of Delay in Final Vote Tally *[AFP]* 15
Chamorro, Godoy Attend Mass by Obando y Bravo *[ACAN]* 16
Government, UNO Transition Team Leaders Meet *[Managua Radio]* 16
Ortega, Calero Hope for Peaceful Power Transfer *[Madrid International]* 16
RN Congratulates Chamorro; Offers Support *[LA PRENSA 27 Feb]* 17
ONUCA Chief Views Contra Repatriation *[AFP]* 17

Crowd Demonstrates in Support of FSLN, Ortega *[Managua Radio]* 17
2 Killed During FSLN-UNO Clashes in Esteli *[AFP]* 17
UNO Party Poll Representative Kidnapped *[Managua Radio]* 18
26 Feb Press Review on Post-Election Developments *[LA PRENSA, etc.]* 18
Paper Urges Unity of All Leftist Parties *[EL NUEVO DIARIO 26 Feb]* 18

Panama

Popular Nationalists Urge Action in Eight Areas *[LA PRENSA 15 Feb]* 20
'We Must Change Our Mentality' in War on Crime *[LA ESTRELLA DE PANAMA 27 Feb]* 20

SOUTH AMERICA

Argentina

Menem on Economic Policies, Angeloz Decision *[TELAM]* 22
Appeals for 90-Day 'Truce' *[BUENOS AIRES HERALD 27 Feb]* 22
* Cavallo on Effects of New Economic Plan *[SOMOS 10 Jan]* 23
* Leading Economists View New Plan With Caution *[SOMOS 10 Jan]* 24
Chilean President-Elect Aylwin Arrives *[TELAM]* 27
Police Break Up International Drug Gang *[TELAM]* 27
Embalse Nuclear Plant Working, Atucha I Down *[TELAM]* 27

Brazil

Sarney, Collor Congratulate Nicaragua's Chamorro *[Rio de Janeiro TV]* 27
Border State Drug Trade, Corruption Detailed *[O GLOBO 25 Feb]* 27
* General Lines of Macroeconomic Plan Revealed *[GAZETA MERCANTIL 3-5 Feb]* 29

Chile

Ties With East Europe To Resume 11 Mar *[Santiago Radio]* 31
Four Arrested in Demonstration Against Pinochet *[Santiago Radio]* 31
Mirtha Dubost Elected Mayor of Iquique *[LA TERCERA DE LA HORA 20 Feb]* 32
PCCh Dissident Surveys Party's Internal Crisis *[EL MERCURIO 22 Feb]* 32
Former PRSD President Cancels Party Membership *[EL MERCURIO 23 Feb]* 33
Terrorists Hit Power Facilities, Cause Blackouts *[Santiago Radio]* 33
Police Station Attacked, Carabinero Injured *[Santiago TV]* 33

Colombia

Government Creates National Drug Director Post *[Bogota TV]* 34
Police Arrest Drug Trafficker Sought by U.S. *[Madrid EFE]* 34
Two UP Councilmen, Liberal Party Judge Murdered *[AFP]* 34
Government Accused of Complicity in Murders *[Bogota TV]* 34
* Pardo on Terrorism, Dialogue With M-19 *[SEMANA 16 Jan]* 35
* Barco Shows Cautious Optimism Toward Events *[SEMANA 23 Jan]* 36
* FARC, ELN, EPL United in Common Front *[SEMANA 16 Jan]* 38
ELN Murders 4 National Army Soldiers in Ambush *[Bogota TV]* 40
Head of Paramilitary Group Breaks Out of Jail *[Hamburg DPA]* 40
Government Announces End to Import Tariffs *[Bogota TV]* 40

Peru

Panama's Arias Sees Garcia, Briefs Reporters *[Lima TV]* 40
Terrorists Kill Engineer, Dynamite Bank Offices *[Madrid EFE]* 42
Shining Path Murders Peasant Defense Members *[Madrid EFE]* 42

Uruguay

Labor Group Refuses To Grant Truce to Government *[EL DIA 22 Feb]* 42
President-Elect Appoints Ministers, Secretaries *[EL DIA 23 Feb]* 42

Venezuela

Foreign Minister Comments on Chamorro Victory *[Caracas TV]* 43

Guyana

Political Leaders React to Nicaraguan Elections *[CANA]* 43

Cuba

GRANMA Article Analyzes Sandinist Defeat

FL2702132490 Havana Tele Rebelde Network in Spanish 1203 GMT 27 Feb 90

["Text" of GRANMA article: "A Difficult Setback That Marks A New Stage of Struggle" by Juan Marrero; dated 27 February]

[Text] The results of the elections in Nicaragua have surprised, above all, its very own protagonists. Contrary to all predictions from the most diverse sources and origins, the Sandinist National Liberation Front [FSLN] and its presidential candidate, Comrade Daniel Ortega, did not get the majority of votes that the polls had attributed to him and which seemed to have been guaranteed by the people. Ortega himself immediately recognized the adverse results of the 25 February elections.

It is not difficult to find reasons why many people expected the Front to win, such as the revolutionary accomplishments of this organization, the heroic and persistent resistance of the vanguard of the Nicaraguan people during the last 10 years in an unequal battle against the Yankee imperialists. More recently, the barbaric action committed by the Bush administration in Panama and the murder of four nuns by the U.S.-armed counterrevolution in Nicaraguan territory made one think that the balance in these elections would unfailingly lean toward the Sandinist candidate.

The surprise should make one reflect and, realizing that it would be premature to conduct an extensive analysis of the causes of this difficult setback, it becomes necessary from the start to clarify a few circumstances.

The 25 February confrontation was not between the Sandinists and their local opponents. In the Nicaraguan elections, the options were between the FSLN, with its presidential candidate Daniel Ortega, and the opposition faction—the U.S. imperialists. No other conclusion can be reached after thoroughly examining the conditions under which the Sandinists have had to work and carry out their revolutionary platform.

The real context under which this process has unfolded is that of a country submitted to a dirty and all-out war, sponsored and conducted by the U.S. Government in the most shameless manner with a mercenary army that it armed with a nucleus of Somozist assassins and nourished with traitors, deserters, crazy people, and common criminals. From their bases in bordering countries, the mercenary bands submitted the Nicaraguan population to terror and vandalism. Trained by U.S. advisers to avoid a confrontation with the Sandinist People's Army, the mercenaries cruelly dedicated themselves to terrorizing populations, ambushing defenseless civilians, murdering peasants, and sabotaging the economy. Then President Ronald Reagan boasted of these armies when he established himself as their commander in chief, and he established public recruiting posts for them in the United States.

The U.S. Government thus created the unusual precedent in contemporary international relations of financing and mobilizing a cruel and sustained war against a country with which it had diplomatic relations and in whose capital it had an embassy, which was a true center of subversion and support for the forces that, from a very early time, operated against the Sandinist revolution.

Sandinism also resisted 10 years of economic aggression. Any review that is made should include the more than 60,000 victims of the dirty war, and the enormous cost that the fierce blockade caused in economic terms and in prejudice to the population. The severe sanctions that brought ruin to the country's economy and brought about the actions of the counterrevolution in the areas traditionally dedicated to agricultural-livestock production, the basis of the Nicaraguan economy.

In addition, one soon will have to consider the consequences of the convulsive processes and the historic setbacks that have brought chaos and political and economic uncertainty in countries of East Europe that were consistently in solidarity with Sandinism. The efforts of Sandinism to carry out its project of social development and justice were thus affected by a terrible economic crisis, heavy losses caused by a decade of fighting against the counterrevolutionary subversion, and difficult international conditions. The effect that this situation had to have in certain sectors of the country's population, with unequal levels of ideological development, is evident. The very measures of economic adjustment adopted by the FSLN in accordance with the recommendations made by the IMF created—as has happened wherever these measures have been applied—reasons for nonconformity and discontent in the sectors of the population most affected and with the least income.

The political alliance that rose against the Sandinists in the electoral process made the greatest effort to capitalize on this situation. The party cluster of varied political tendencies that joined the National Opposition Union [UNO] coalition—from disguised capitalists to self-proclaimed socialist elements, and even communists—thrived among the peoples' classes with a demagogical and populist speech. It was in this way that two clear platforms were presented: The model advocated by Sandinism in favor of national independence, pluralism, mixed economy, and an international projection similar to social democracy; and the model proposed by the illegitimate alliance composed of the opposition parties, which favor a return to capitalism, to the denationalization of the people's property, to the privatization of the state sector, and to the declared and clear dependency on the economic as well as the political plan of the United States.

The FSLN fulfilled its honest and firm commitment to hold in said conditions a clean electoral process in front of observers—recognized as the most observed electoral process in history. Meanwhile, the United States held on to its role of judge until the last minute—disqualifying along the way the representatives of the OAS and the United Nations, and former President Carter, who acted as observers. The United States announced that should Daniel Ortega win, it would begin an enigmatic testing period at the end of which it would consider whether or not the government of the FSLN was worthy of the good conduct certificate. In other words, the United States clearly anticipated that Daniel's triumph would equate to the prolongation of the dirty war, the blockade, and the economic asphyxiation it had imposed. The Nicaraguan electorate was faced with the alternative that a Sandinista triumph would mean neither the end of the war, nor the lifting of the blockade, nor the end to the sanctions. The opposition alliance's formula, supported by imperialism, on the contrary, enjoyed the wretched privilege of representing the interes s and intentions of the aggressor that would even permit it to offer the normalization of relations with the United States, which, as has occurred, would immediately recognize its victory.

It was in this fashion that, after a campaign that at times turned into a copy of the publicity of electoral squabbles that are held in the United States every four years, the 25 February elections were held. The results are before us. Today it can be said that the belief of an alleviation of the economic crisis and an end to the war, which depended solely on the actions of the United States, became a hope that, objectively, tipped the scale in favor of the imperialists' spearhead. Immediately, President Bush proclaimed his decision to end the war, and the U.S. Congress expressed that it favors the virtual disappearance of the mercenary army and the beginning of an economic aid program to the new government.

This is the origin of the majority consensus, which does not necessarily represent a vote against the historic effort of the FSLN, the revolutionary vanguard that has to its credit having carried out the struggle which culminated in the defeat of the Somoza regime, having resisted the imperialist aggression for a decade, and having promoted the cleanest electoral process in the history of Nicaragua. It is up to the Sandinist leaders to draw the conclusions. As difficult as this setback may be for all the progressive forces of the world, there is a truth that transcends the bitterness of this difficult test: The more than 400,000 Nicaraguans who supported Sandinism and its President Daniel Ortega voted in favor of sovereignty and the revolution despite all the pressures, threats, and danger. Therefore, this constitutes the most genuine example of the history of the people of Nicaragua—protagonist of the glorious epopee of the last 10 years.

The vote that favored an amorphous and core group of 14 parties, transitorily united in the desire to get a share of the banquet hosted by imperialism, cannot even compare, qualitatively speaking, to the vote of those who by voting for the FSLN incarnated the political clarity and the patriotic dignity of Sandino. Undoubtedly, this is a great setback, however, it is not a political bankruptcy. The Nicaraguan revolution has gone through a difficult test, and now it begins a new phase of struggle.

Commentary on Change in U.S. Nicaragua Policy

FL2702190690 Havana Radio Rebelde Network in Spanish 1800 GMT 27 Feb 90

[Station commentary]

[Text] U.S. President George Bush yesterday made some remarks in Washington that clearly demonstrate the imperialist view. Bush called for an immediate cease-fire in Nicaragua. He said that after last Sunday's election results, there is no need to continue the armed conflict in the Central American country.

Meanwhile, and also yesterday, the U.S. Congress unanimously voiced its support for helping the future government of President-elect Violeta Chamorro. Republican leader Robert Dole did not even try to cover up the opportunist position with rhetoric and he said: We have to help the new government, but let us not deceive ourselves; this will require a lot of money.

Democratic Congressman Foley said that the United States could begin its assistance to the future government by sending it sums of money similar to what was allotted to the contras. In other words, the policy of the United States toward Nicaragua has changed suddenly. In past years, it practically conducted a dirty war that cost Nicaragua more than 60,000 lives, and now it talks about a need for peace. In past years, it practically did everything it could to take Nicaragua into extreme poverty with sanctions, boycotts, and other policies, and today it talks about a need for multimillion-dollar assistance to the future government. This is the imperialist double standard that it uses in its favor to continue to capitalize on the factors which, as one observer noted, made the Nicaraguan electorate reach the conclusion that the triumph of Sandinism would not mean the end of war or death, terror, hunger, mutilation, and misery. In brief, the U.S. policy is aimed at the total elimination of Sandinism. That, and no other, is its great strategic objective in Nicaragua.

Nevertheless, Sandinism is alive. This difficult setback closes one chapter, but we have confidence that a new one is beginning.

Soviets React to U.S. Statements on MiG's

FL2802031090 Havana Radio Rebelde Network in Spanish 0025 GMT 28 Feb 90

[Text] The Soviet Union today ratified Cuba's right to get MiG-29 fighter planes and expressed its surprise over irritated statements made by the U.S. State Department on the delivery. Yan Burlayay, deputy chief of the Latin American Department of the Soviet Foreign Ministry,

read a statement during a news conference today which characterizes as naive the argument that Cuba is a threat to the United States or any other country in the area.

The Soviet Union understands Cuba's wish to replace the obsolete MiG-23 planes for MiG-29's and this is determined by the abnormal state of Cuban-U.S. relations, said Burlyay.

According to the Soviet assessment expressed in the statement, the situation can be settled by creating confidence-building measures and holding a dialogue to normalize bilateral relations. Burlayay also said the delivery of the planes is in line with bilateral cooperation commitments and do not constitute any type of build-up of the Cuban potential but the replacement of this type of weapons.

BASTION Reports on U.S. 'Espionage' Flights

PA2702151290 Havana International Service in Spanish 0000 GMT 27 Feb 90

[Text] The newspaper BASTION, the official mouthpiece of the Cuban Armed Forces, is charging in its latest issue that the United States has increased espionage flights in the area south of Florida and the Bahamas Islands, as well as in the Caribbean, the southern sector of Grand Cayman Island and northern Venezuela. Citing Western news agencies, the newspaper adds that two espionage airplanes will reportedly fly over Colombian territory, carrying ultramodern electronic and photographic equipment capable of surveying the plains and jungles of southeastern Colombia. On 23 February, BASTION charged that the United States installed sophisticated land radar in countries in the Caribbean and Central and South America.

Havana Reveals Baker's 'Confidential Instructions'

FL2702143290 Havana Tele Rebelde Network in Spanish 1200 GMT 27 Feb 90

[Text] Cuba revealed confidential instructions issued by U.S. Secretary of State James Baker to U.S. embassies in Spain and other countries to maintain pressure against our country at the human rights commission meeting in Geneva.

A press communique issued by Cuban representatives at the 46th session of the UN Human Rights Commission reports this type of pressure exerted by the Bush administration against sovereign states to gather support for its policy of vendetta against the revolution.

Roa Accuses U.S. of Human Rights Violations

FL2702215190 Havana Radio Reloj Network in Spanish 2032 GMT 27 Feb 90

[Text] In a speech delivered before the 46th meeting of the UN Human Rights Commission, Cuban Vice Foreign Minister Raul Roa Kouri has noted that the United States not only violates the human rights of its citizens but those of other countries.

The U.S. State Department submitted to Congress a report on the human rights situation in the entire world but omitted those violations committed in its own country, said Roa Kouri. At the same time it awards itself the role of international judge on these matters, the United States avoids the responsibility of accepting international commitments in the field of human rights and refuses to abide by the known norms, said the Cuban diplomat.

This deplorable situation, concluded Roa, is the result of capitalist exploitation, unrestrained pursuit of profit, anarchy in production, and selfishness that characterizes the system.

Castro Meets With Vietnamese Defense Minister

FL2702141990 Havana Tele Rebelde Network in Spanish 1200 GMT 27 Feb 90

[Text] Commander in Chief Fidel Castro Ruz, first secretary of the Central Committee of the Communist Party of Cuba [PCC] and president of the Councils of State and Ministers, has received Army General Le Duc Anh, member of the Politburo of the Vietnamese Communist Party and defense minister of the brother Indochinese country. During the meeting held in a friendly climate, the distinguished visitor conveyed to the leader of the Cuban revolution greetings from Nguyen Van Linh, general secretary of the Vietnamese Communist Party.

Army General Raul Castro Ruz, second secretary of the PCC Central Committee and minister of the Revolutionary Armed Forces [FAR]; Brigade General Urbelino Betancourt Cruces [name as heard], first deputy chief of the FAR General Staff; also participated in the meeting on behalf of Cuba. Colonel General Tran Van Quang, vice minister of defense, and Do Van Tai, Vietnamese ambassador to Cuba represented Vietnam at the meeting.

The high-level military delegation headed by Army Gen Le Duc Anh returned to Vietnam after completing an official and working visit to our country. Army Gen. Raul Castro Ruz; Division General Julio Casas Regueiro, first vice minister of the FAR; and other FAR generals, chiefs, and officers said farewell to the visitors at the Jose Marti International Airport.

During their stay in Cuba, the Vietnamese delegation visited areas of military, social, and historic interest in the western provinces and Santiago de Cuba.

Rodriguez Marks Ministry's 30th Anniversary

FL2802024590 Havana Television Service in Spanish 0100 GMT 28 Feb 90

[Text] The ceremony marking the 30th anniversary of the Foreign Ministry [Minrex] was held today in this

capital with the attendance of Carlos Rafael Rodriguez and Jorge Risquet Valdes, members of the Communist Party of Cuba Politburo.

[Begin Rodriguez recording] Proud of our foreign policy, willing to defend it with trenches of ideas and stone, Minrex today marks 30 years of passionate struggle. As always, it is next to the people who created it and to which it responds. It will fulfill with the people the role history assigns it as first socialist state of America and as relentless defender of the poor people of the land with which Jose Marti [words indistinct].

We can commemorate the 30th anniversary of Minrex with the assurance of those who know that the task that lies ahead is very difficult but are convinced that the Goliath enemy will not be able, and never will, to fight against David's sling.

That [words indistinct] Cuban foreign policy of Minrex has represented in these 30 years we celebrate today. We have said before that the founding Minrex meant the transition from an act of insubordination over the Platt Amendment, of permanent surrender and responsible for Cuban sovereignty, to the full enjoyment of sovereignty, to the prevailing of the Latin American principles and universal solidarity the revolution put into practice. [applause] [end recording]

Gen. Batista Meets With Cienfuegos CDR Leaders

FL2702144190 Havana Tele Rebelde Network in Spanish 1200 GMT 27 Feb 90

[Text] Division General Sixto Batista Santana, alternate member of the Politburo of the Communist Party of Cuba [PCC] and national coordinator of the CDR [Committees for the Defense of the Revolution], said during a meeting with leaders in Cienfuegos Province that the defense of the victories of the revolution is the first responsibility of the CDR.

Batista Santana, who is participating in similar meetings throughout the country, presented several considerations aimed at perfecting CDR work. The participants expressed their willingness to fulfill the guidelines in response to the principle of Socialism or death! as stated by the PCC, the revolution, and Fidel.

Delegation Leaves for Uruguay Inauguration

FL2702191090 Havana Tele Rebelde Network in Spanish 1800 GMT 27 Feb 90

[Text] A delegation representing Cuba and led by Jose Ramon Fernandez, vice president of the Council of Ministers and minister of education, left yesterday morning for Uruguay. The delegation will participate in the activities of the transfer of power on 1 March, during which Luis Alberto Lacalle will assume office.

Satellite Dishes Produced Domestically

FL2802035190 Havana Radio Rebelde Network in Spanish 0044 GMT 28 Feb 90

[Text] The Special Electronics Technologies Producer and Exporter Combine, Copectel, is gradually strengthening its production of satellite dishes capable of receiving television and audio signals from satellites. The Antel dishes are completely developed and produced in Cuba. Thus, our country no longer has to import them, and it adds a new exportable item.

The finishing of the satellite dishes produced by Copectel make them very durable. The materials they are made of make them very resistant to weather elements.

According to the information provided by reporter Roberto Paneque Fonseca, the Cuban satellite dishes operate on a very high [words indistinct] frequency and range between four and 12 gigahertz. This makes it possible to receive television and audio signals from anywhere in the world.

Copectel has been able to get its Antel dishes efficiency indexes to surpass 70 percent. Copectel builds satellite dishes that range from 1.2 to 10 meter in diameter. They are built with hard aluminum. Copectel is working on the design of new systems with much higher operational capabilities.

* Catholic Church Presence, Activity Discussed

90EM0083A Frankfurt/Main FRANKFURTER RUNDSCHAU in German 4 Jan 90 p 6

[Article by Armin Wertz: "The Time of the 'Grand Silence' Is Over"]

[Text] While official Cuba proclaims "Defense Day" during "Transport Week" in "Fire Prevention Month" of the "Year of the 31st Anniversary of the Revolution," the faithful in Havana's old town celebrate the day of their patron saint, the "Miraculous Virgin." The priest rushes through the liturgy at a speed which would defy even the efforts of a state security stenographer to record. The mass ends with a short procession, once around the central nave of the colonial baroque building.

"In the old days," reminisces a devout old woman about the pre-revolutionary days, "we would celebrate this day outside, in the Calle San Ignacio and Obispo; but we didn't do that today." Church celebrations under the blue skies are prohibited in communist Cuba. In justification, Jose Felipe Carneado, responsible for religious affairs in the Central Committee of the Cuban Communist Party (PCC), says: "There were times when processions were anti-revolutionary demonstrations."

True, "our situation has improved considerably," says, among others, the priest of the El Carmelo church, where a dozen people have just arrived for the Sunday 9 o'clock mass. Still, 31 years after the revolutionaries' victory

over the Batista dictatorship, Cuba's Catholics continue to suffer disadvantages and discrimination. Access to the state media is limited. "We provide information about church activities," says Carneado. But he rejects "pastoral communications" in radio and TV. Apart from a small flyer entitled VIDA CRISTIANA, which is distributed in the congregations on Sundays, the church has neither newspapers nor magazines.

Religious instruction has ceased ever since the nationalization of the private schools. Even though the PCC is currently making efforts to reduce the "antireligious tradition" in the state schools, Monsignor Carlos Manuel de Cespedes, the general secretary of the Cuban Conference of Bishops, complains that "a lot of time passes before party decisions become reality." Cuban teachers, for instance, still teach from translated Soviet textbooks written in the Stalin era.

De Cespedes also deplores the fact that while Article 54 of the Constitution "recognizes and guarantees" "freedom of conscience" and the "right of any individual to embrace any religion and to practice its customs," there is no "legal documentation" of this "generalized formula." "To date, there is no juridical basis for our relationship with the state; there are only pragmatic concessions by the government." This missing piece of legislation does of course make discrimination possible, says Carneado's Catholic counterpart in their numerous rounds of negotiations. He tends to hide his razor-sharp intellect behind the demeanor of a friendly and humble clergyman.

Carneado maintains that "there are hardly any problems left" between the party and the church hierarchy; but he admits that "new conflicts keep cropping up, caused by overzealous types on both sides." And both sides explain the "conflicts" with the past. "There is still a lack of trust," says the communist church expert.

The parson of the El Carmelo church agrees: the people are still in fear of what happened in the past. These suspicions, he says, still cause them frequently to talk about persecutions and pressures which really no longer exist. "These are psychological fears, based on nothing but the remembrance of the past"—the "time of confrontation, the time of the Grand Silence," as the church today refers to those years.

In those days the church used pastoral letters to fight the "fast radicalization of the revolution"; and against the "treachery of communism, which had been the greatest enemy of the church and of humanity in all of history." Bishops, religious orders, and lay organizations supported the prevailing flight of capital to such an extent that the Apostolic Nuncio, under whose diplomatic immunity the transactions took place, finally refused to go along with the wishes of his flock. Clerical seminaries served as information and planning centers for the overthrow of the Castro regime. In a circular letter signed by all bishops, the church dignitaries asked "our Lord for the intervention of our Holy Virgin of Mercy (Cuba's patron saint)." The clerical establishment openly sympathized with the opposition's wish for "liberation by the U.S. Government."

The conflict culminated with the failed Bay of Pigs invasion in April 1961, in which three Catholic priests participated. Castro expelled 132 priests, mostly Spaniards, including one bishop, from the country; another 44 left Cuba voluntarily; barely 200 remained. During the next few years there was an icy silence between church and state. There was no conversation whatever. Only after Vatican II—when liberation theology had its heyday—did the two adversaries make tentative moves to resume contact.

The Cuban church hierarchy became younger and more cubanized. Foreign church dignitaries, such as the Jesuit General Pedro Arrupe or Cardinal Agostino Casaroli, visited their communist-persecuted coreligionists on the Caribbean island. There was talk of a "possibility of church-state cooperation," of the "need for a rapprochement with the atheists." Even outside criticism of the religion was accepted, since it might have a "purifying effect on the faith." After all those conciliatory words, Castro himself was heard from. At the April 1971 National Congress for Education and Culture the government provided a detailed statement of its position.

While the government demanded an "absolute separation of church and state and church and education," it acknowledged "respect for faith and religion" and prohibited persecution or repression for reasons of faith. Anyone, religious or not, was to be given the opportunity of participating in the structure of socialism. Castro was going to continue dealing severely only with "obscure and antirevolutionary sects." They were to be "unmasked and put down." Today there still are 54 protestant sects active in Cuba; they have largely come to terms with the regime.

De Cespedes concludes that since then there has been a "slow process" of normalization. Even Fidel Castro, now 63 years old, apparently wants to make peace with the church in his old age. As he declared in a 1985 interview with Brazilian Dominican monk Frei Betto, entitled "Fidel and Religion": "If only one single person feels misunderstood for religious reasons, or even becomes the target of political discrimination, the revolution would have missed its goal."

But the revolution still appears to be a long way from such heavenly conditions. Clerics see "lies, nothing but lies" in Castro's answers. "We are in the forefront of those they discriminate against," complains a member of the Order of the Barefoot Carmelites. Communist society, he continues, cuts off "devout people. This leads to marginalization." A diplomat explains the doubts toward Castro's frequently expressed good intentions: "Most members of the church do not believe that the government truly wants to solve the basic problems." Nevertheless, both sides evidently try not to endanger

the much-vaunted "reconciliation," the careful rapprochement, by exaggerated stubbornness.

"Nonetheless," says Mainz Bishop Karl Lehmann, who last year led a 12-man delegation from the German church through Cuba, "whenever I was ready to believe in an improvement in the situation of the Cuban Christians, barely half an hour would pass before I would hear of yet another case which demonstrated the vulnerability of this system of rapprochement."

Cubans wishing to emigrate had informed him of their difficulties in letters. Children of practicing Catholics tried to be "as unobtrusive as possible" in school, so as not to be discriminated against. The faithful are excluded from top-level positions in their respective occupations. They could be the head of neither a state-owned enterprise (and the state is the only employer in Cuba), nor that of a hospital or a university. Those are political jobs.

And while the shelves in Central Committee member Carneado's office bulge with a large collection of various editions of the Bible, the Holy Scripture is not available in bookstores. Theological texts cannot be officially imported. Thus Bishop Lehman found in Matanzas diocese an excellent and valuable library of theological writings, which came to an abrupt end with a work published in 1960. "This of course leads to intellectual isolation," he says of such censorship.

Carneado insists that "whenever we heard of such problems, they were taken care of." There couldn't be all that many, he continued, since the church in Cuba is relatively small. Members of the church agree with that. The church never occupied a position in Cuba similar to that it enjoys on the Latin American continent. Even before the revolution, according to the then-Catholic University of Havana in 1956, fewer than 20 percent of the population considered themselves devout Catholics. But today, says de Cespedes, 86 percent of all Cubans embrace Catholicism. "The number of baptisms increases every year."

However, many of these Catholics only practice "Santeria," a specifically Cuban variant of Syncretism, similar to Haitian Voodoo. This mixture of African religious ceremonies and Catholic liturgy reaches all the way into Catholic churches. When Bishop Lehmann entered the overcrowded Santa Barbara church in Havana's down-at-the-heel Parraga district, he was not greeted by organ music. There the church choir is accompanied by rhythmic clapping, two guitars, and a strong rhythm section: Guayo, guiro, bongo, tumbadora. and banderetta.

The saints are symbolized by white, red, or yellow clothing, colorful collars, and chains. At the end of the mass, after the priests depart following frenetic applause and demands for encores, the faithful fall to their knees in front of Saint Barbara's statue and stare imploringly at its dead face for many minutes before returning to their homes. There, the drum roll of the bongos and tumbadoras accompanies their ecstatic dances in honor of "Chango," Saint Barbara's African identity.

Castro apparently considers this people's religion a cultural treasure of his island, like sugar or tobacco. He gives complete freedom to the Syncretists, in contrast to the Catholics.

However, according to Freiburg's Archbishop Oskar Saier of the German Catholic delegation, even the "committed, small church" is now granted an increasing amount of latitude by the government. It has recently been permitted to have its own printing press; lay groups may study the catechism without interference; in the past year, priests have even been allowed to visit prisoners in the jails.

While membership by a Catholic in the PCC is still prohibited, the party has been reconsidering this for some time now. Says Castro: "This is not a matter of principle; rather, it is a question of historic climate." And at this particular time, the church "climate" appears to be clearly improving. In his efforts to lead his country out of political isolation—Cuba has been excluded from the OAS [Organization of American States] for 30 years—and to make overtures to Caribbean countries and South America, Castro must include the church, which plays an important role in all of Latin America, in his calculations. Thus he must begin by showing tolerance at home.

Certainly the "comandante en jefe" is not referring to "the reactionary clergy," which had always sided "with the oppressors," when he is courting the church today. He aims at the "progressive and renewed segments of Christianity, which participate in national wars of liberation"—the partisans of the left-wing liberation theology. "We support the liberation theology, because the faithful accept the revolutionary process by way of this theology," admits Carneado, Castro's church specialist.

For all that, the "Maximo Lider" has been unable to build the promised paradise after 31 years of trying. On the contrary; the fatal economic crisis, which continues to impose new privations on the Cubans has long since let the ideals of revolution and socialism evaporate—work, discipline, and efficiency are difficult at best to propagate in the Caribbean hothouse climate. The result is that "among the young people, a moral anarchy is gaining the upper hand, which the party can no longer control," says one friar. "The moral decadence of part of our youth is a worry to the church as well as the party."

The formerly happy-go-lucky "barbudos," with their numerous amorous adventures, who have come up in years and who have been purified to turn into puritanical officials, have by now moved close to the upright Roman moral code. Here, finally, there is a meeting point between the church and the party.

Inter-Caribbean Affairs

Brizan Calls for Regional 'Political Federation'

FL2702152590 Bridgetown CANA in English 1347 GMT 27 Feb 90

[Text] St. George's, Grenada, Feb 27, CANA— Former Grenada Education Minister George Brizan says that there is an urgent need for the English-speaking Commonwealth Caribbean countries to form a political federation. Some members of the seven-nation Organisation of Eastern Caribbean States [OECS] are working on a political union, but Brizan called for a broader based initiative.

The opposition politician made the suggestion amidst campaigning here for general elections on March 13. According to Brizan, there should be no delay in launching the federation so the states can meet the challenges posed by recent global developments.

"The time has come for the (regional leaders) to move right now to seriously consider a political federation of the English-speaking Caribbean countries and come up with a model," he told CANA. Brizan said it is now clear that the Caribbean is low on the list of priorities of the Western aid donor nations.

Western countries, he argued, were more interested now in those communist states in Eastern Europe moving towards democracy, and with the apparent dismantling of South Africa's apartheid system by president F.W. de Klerk. He also singled out the United States, the biggest aid donor to Caribbean states, saying it was preoccupied with Panama, which it invaded last December to topple military strongman General Manuel Noriega. He said there is every reason to believe that the West would be sending increasing amounts of financial assistance to Eastern Europe and Panama in order "to consolidate democracy in those areas."

"...The Caribbean would now fall very low on their list of priorities," said Brizan, the deputy political leader of the opposition National Democratic Congress (NDC). Brizan stated that as a result of the changing face of global politics "the Caribbean now has to stand on its feet."

He said the islands would now have to adopt a policy of self-reliance and greater co-operation in terms of pooling their resources to meet the challenges of the 1990's. Brizan called on Caribbean leaders to take a cue from the rapid moves by East and West Germany to start reunification talks and stop fooling themselves in believing that their countries can make it as single political entities.

He said that the move towards the creation of a single nation among members of the OECS should now be broadened to include the other Commonwealth English speaking countries. He voiced support for the creation of a federation with a strong central government while leaving a certain amount of authority to the respective islands to handle some items of less importance.

Grenada

Leftist Leader Comments on Nicaraguan Elections

FL2702230490 Bridgetown CANA in English 2217 GMT 27 Feb 90

[Text] St. George's, Grenada, Feb. 27, CANA—Leader of Grenada's small Maurice Bishop Patriotic Movement, Dr. Terry Marryshow, says Sunday's defeat of Nicaraguan President Daniel Ortega will seriously hurt the left in the region. He said the defeat was "a tremendous blow for the progressive forces of the region."

U.S.-backed presidential candidate Violeta Chamorro won Sunday's elections, sending a shock through Ortega's Sandinista party. According to Marryshow, the end of Sandinista rule in the Central American country changes the balance of forces in the region in favour of right-wing elements.

He said the logistical and other support which the rebels in El Salvador normally receive from the Sandinistas in their battle with government forces would no longer be forthcoming and would be a setback for them. He said that under the new Nicaraguan president one can expect a "tremendous shift" in policy, given the backing the country can now expect from the U.S.

During Grenada's 1979-83 flirtation with Marxism, the island had close ties with Nicaragua and Ortega paid a state visit to the island in 1980. Marryshow blamed "tremendous" economic pressure imposed by Washington on Nicaragua since the inception of the revolution for the disillusionment of the people with the Sandinistas. In addition, he said the war waged by U.S-backed contra rebels has ravaged the Nicaraguan economy.

Marryshow said it is now left to be seen whether the Bush administration in Washington would give Chamorro the kind of economic help necessary to put the country's economy in good shape, considering the fact that the U.S. seems preoccupied with the developments in Eastern Europe. He suggested leftist leaders in Latin America and the Caribbean meet and assess the major political changes taking place globally.

Costa Rica

Calderon Offers 'Hand of Solidarity' to Chamorro

PA2802022990 Panama City ACAN in Spanish 2243 GMT 27 Feb 90

[Text] San Jose, 27 Feb (ACAN-EFE)—Costa Rican President-elect Rafael Calderon Fournier today offered his "hand of solidarity" to cooperate with the future government of Violeta Chamorro, who won Nicaragua's elections.

In a brief letter addressed to Chamorro, widow of journalist Pedro Joaquin Chamorro, Calderon places himself "at your service to make a reality of everything we can assist you in, not to tell you how to act, but to extend our hand of solidarity."

The Costa Rican president-elect, who will be inaugurated on 8 May, congratulated the Nicaraguan people "for your diplomatic event, and Mrs. Violeta Barrios, widow of Chamorro, for the victory achieved."

"We trust that this event will aid in strengthening the relations between Costa Rica and Nicaragua," he stressed.

Calderon, who was born in the Nicaraguan township of Diriamba 41 years ago when his father, former President Rafael Angel Calderon Guardia (1940-1944) was in exile, emphasized that the Nicaraguans "have opted for liberty, with everything that this represents for Nicaragua, Central America, and all free countries."

"Nicaragua has shown the world that it is the master of its own destiny," he said, recalling that "the struggle of Pedro Joaquin (Chamorro) and of so many other Nicaraguans who spilled their blood in that holy land concludes the first stage of the search for liberty today."

Guatemala

Cerezo Says Guerrillas No Threat to State

PA2702184390 Guatemala City Teleonce Television in Spanish 0400 GMT 21 Feb 90

[Text] The Guatemalan Government will not hold talks with the guerrillas if they do not lay down their weapons and join institutional life, President Vinicio Cerezo said on 20 February. The president often mentions that condition when local and foreign news media ask him about the possible incorporation of the guerrillas into the democratic process. Cerezo also commented on alleged clashes between the Army and rebels on the slopes of Pacaya Volcano in Escuintla Department.

[Beging Cerezo recording] A guerrilla group fired at an Army helicopter; the helicopter returned and located them. So the Army responded to a guerrilla group's attack. The guerrillas do this sort of thing every year before the Human Rights Commission meeting in Geneva. It tries to increase its military activities to maintain a political and military presence at the international level. Right now, many international institutions are paying attention to Guatemala. The number of guerrillas is more or less the figure given by Defense Minister Hector Gramajo. They are relatively small groups. The minister reported that they do not pose a threat to the institutionality of the state. Since terrorist groups are clandestine, the Army moves into the areas where they operate to bring security to the region and control them.

In this respect, I tell you that I feel that the guerrillas have been trying to provoke a violent reaction from the Army, like they did years ago when it was believed that widespread repression could suppress the guerrilla movement. Since the start of the democratic regime, the Army's strategy and tactics have completely changed. We are facing the guerrilla movement in several ways. We have military reaction and actions to defend the citizens when the guerrillas harm the interests of the people. This is the case when a town is bombed or when a truck is burned to prevent it from carrying fuel to the people of a department. [end recording]

There were incidents on the slopes of Pacaya Volcano. In addition, other incidents were reported days ago in Escuintla and along the Palin Highway. Metropolitan Archbishop Monsignor Prospero Penados disagrees with government officials who have downplayed the importance of actions by guerrilla groups in different southern coastal towns.

[Begin Penados recording] They are very worrisome as they indicate that the guerrillas are active, not dead or reduced in number. I wish their numbers had gone down. The guerrilla actions do not lead to anything positive. Destroying the national economy and destroying the private economy are no solutions. I also feel that the guerrillas emerge from socieconomic causes. People are very poor. Some people in the fields go hungry, I know. So, they turn to violent actions to get what they want, but they will not succeed.

The best thing would be for the government to hold talks with the guerrillas, like El Salvador is doing. This is a negative and bothersome situation, but, after all, they are Guatemalans, although some foreigners are involved. However, their actions are destructive and endless. I hope that there will be a dialogue and that they will lay down their weapons and return to the country's political life. [end recording]

Nicaragua

Ortega Reports FSLN 'Conclusions' on Election

PA2802002890 Managua Radio Sandino in Spanish 2207 GMT 27 Feb 90

[Speech by President Daniel Ortega at the Omar Torrijos Plaza of the Nonaligned in Managua—live]

[Text] Where are the people? [Crowd shouts: "Here!"] Where are the people? [Crowd shouts: "Here!"] Where are the people? [Crowd shouts: "Here!" and other indistinct slogans]

Brothers, [crowd cheers] this morning, we met with the Sandinist militants [cheers] here in the Olof Palme Convention Center to hold the first "Face the People" after 25 February. [applause, cheers and shouts of "Long live Daniel" and "Daniel, Daniel"]

We have been talking at great length for many hours while you were starting to gather here, now this Omar Torrijos Plaza of the Nonaligned is filled to capacity. We continued talking about what has been, what is, and will continue to be the Sandinist National Liberation Front [FSLN]. [applause, cheers, and shouts of: "Daniel, Daniel!"]

We were recalling those years in which the Sandinist militants were made and trained: in secret, in prisons, under torture, and in death. We recalled that it was not material power that made the FSLN, it was not gold, it was not wealth; it was not material power that made the revolution, but it was the morale of the people, the Sandinist awareness that made the revolution. [applause and shouts of "Daniel, Daniel;" "We don't want guards;" and other indistinct slogans]

We no longer have any guards and we do not want any guards. [applause, cheers] I have said this before: We will not have any more guards. [applause, cheers].

We do not want war and we will not have war because that is the will of the FSLN and the people. [applause, cheers, and shouts of indistinct slogans]

On 25 February the Sandinists and all the Nicaraguan people taught a lesson in democracy. The Sandinists are proud to be the base, the foundation, the leading pillar of democracy in Nicaragua, because democracy without Sandinism or Sandinism without democracy cannot be understood. [applause, chants]

The big winner, the big winner in this election, is the FSLN, which brought democracy to Nicaragua. [applause, shouts]

Without the FSLN the Nicaraguan people would never have dreamed of elections like the ones held on 25 February 1990. [applause, shouts]. This afternoon at this square, I must say to this brave, heroic, sacrificing, and devoted people that we are entirely willing to support all actions that will benefit the people, and that we are determined and firmly resolved to use the people's power to oppose and resist all actions that may go against the people's will. [applause, shouts]

Security, stability, and the development of democracy are a reality in Nicaragua because of the revolution's basic achievements, which must be respected. [applause] We are willing to contribute to peace and stability as long as the people are not threatened, as long as the people are respected, and as long as there is no desire for revanchism. There is enough power in this country to confront and trample those who may seek revenge. [applause, chants]

I am going to read the FSLN declaration issued today, 27 February, another anniversary of the day on which the contras murdered a group of youths in San Jose de las (?Mulas). For those killed... [crowd interrupts, shouting: "Free fatherland, or death!" and "Daniel, Daniel!"]

The Sandinist National Liberation Front [FSLN] informs the Nicaraguan people that today the FSLN National Directorate called on all revolutionary leaders and cadres who conduct various tasks within the FSLN, including government officials, Armed Forces members, and members of labor unions, mass organizations, and associations, to hold a plenary meeting to discuss and study the 25 February election results.

As a result of the meeting, we reached the following conclusions:

1. Since the triumph of the revolution, and for the first time in the history of the Nicaraguan people, the FSLN gave the Nicaraguan people the possibility to elect their president freely and democratically. These free, honest, and fair elections are an achievement of the Nicaraguan revolution. [applause]

2. Because the FSLN is the party of the revolution and the biggest, most solid, and best organized party in Nicaragua, it is now responsible for looking after and guaranteeing the continuity of the revolutionary process and of all its political, social, and economic achievements and transformations. By no means will the change in government signify the end of the revolution. [applause]

The FSLN will conduct a merciless fight to prevent the reversal of the agrarian reform process and of the process of land distribution among urban residents. [applause] Similarly, the FSLN will struggle against the elimination of social benefits granted by the revolution, especially those dealing with protection for the mothers of heroes and martyrs, for people maimed by the war, and for war orphans. [applause] [Crowd shouts indistinct slogans] [Crowd shouts: "Daniel, Daniel, Daniel!"]

4. [number as heard] The FSLN demands the immediate dismantlement and disarmament of the counterrevolution and the release of all those who have been kidnapped so a peaceful transition of government can take place. [applause]

Within the framework of the Constitution, the FSLN will defend the integrity and professionalism of the Sandinist People's Army and of the Interior Ministry. [applause]

The FSLN will defend the irreversibility—in other words, no return to the past—of the revolution's basic achievements, including the nationalization of the

banking system, foreign trade, natural resources, and the people-owned sector. [applause]

6. [number as heard] Similarly, the FSLN will be alert and vigilant so none of the rights established by our Constitution are diminished, including the right to form unions, the right to strike and to demonstrate, and the right to a free press. [applause]

Similarly, we will defend the constitutional right—which was included in the Constitution in response to a demand by the opposition parties—so no public employee is dismissed from his or her post. [applause, shouts of "Daniel, Daniel, Daniel!"]

On behalf of the FSLN, I want to give recognition to the massive participation of the Nicaraguan people in these elections. I want to thank the vote cast by over 40 percent of the Nicaraguan people in favor of the largest and strongest party of Nicaragua, the FSLN. [applause]

The Sandinist militants are also sure that most of the people who voted for the National Opposition Union [UNO] did not do so because they are counterrevolutionaries, but because these people may be thinking... [Crowd shouts indistinct slogans] [Ortega changes thought] Apart from that, [applause] we must take the following into account. We must take the following into account. [repeats himself] [Crowd shouts indistinct slogans] People do not sell themselves. People do not sell themselves. [repeats himself] People can make mistakes, but they know how to rectify their mistakes. I am sure that the people will soon discover the truth.

You have to take the following into account. You have to take the following into account. [repeats himself] The FSLN told the people that everything will be better, and the opposition also told the people that everything will be better. Thus, the Nicaraguan people, or a large part of the Nicaraguan people, an immense part of the Nicaraguan people—because the 40 percent of the people who voted for the FSLN did not have doubts—that significant part of the population, which we must respect—and they are not extremists, although there are extremists, shameless and bad people, but these are neither extremists, bad, nor shameless, and they do not dislike the revolution—thought that they could improve the situation by supporting the opposition.

They will have the opportunity to find out which government has truly defended the people, whether it is the Sandinist Government or the government that is about to come. [Crowd shouts indistinct slogans] We are accustomed to facing and living difficult moments. The situation that we are living now is nothing compared to [changes thought] cannot be compared at all to the FSLN's situation before the revolution triumphed. I recalled before the companeros at the cadre meeting that on 7 November 1976, I was in hiding in a humble home of a Managua neighborhood with Companero Eduardo Contrera, in the home of his grandmother. [crowd shouts, laughs; applause] Carlos Fonseca was in the mountains. I was trying to find a way for the Sandinist leaders to meet because we were being persecuted by the National Guard, by the informers. We wanted to meet for the sake of unity because we had internal problems and differences. Then we had problems and had to fight the National Guard. [Announcer interrupts to say Daniel is talking to Sergio Ramirez] [Crowd shouts indistinct slogans] Later we can have a march to the plaza [crowd shouts: "Viva Sandino!"] I recalled that on 7-8 November, while hiding here in Managua and in different parts of Nicaragua, the small number of Sandinist militants; we numbered scarcely 10 and we were were shocked by the news of the deaths of Carlos Fonseca and Eduardo Contreras. When reporters asked me: Before the revolution triumphed, how did you think the FSLN government would rule, how it would govern? I responded: Look, the truth is that the Sandinist militants were convinced that we would triumph, we were sure that the people would win, but we were also certain that we would not see our triumph, thinking that we would die in the struggle. We never imagined that we would see our triumph. Therefore, we were not born above, we were born below and are accustomed to fighting from below. [prolonged shouts, cheers, cat calls] We are accustomed to fighting and struggling from below. We are accustomed to fighting and struggling in the face of our hangmen and our torturers. We are accustomed to struggling and fighting from the prisons. Now that there is people's power and a revolutionary power in the country, we have better conditions from which to govern this country from the top. [shouts, indistinct chants, slogans] We believe that the day will come when we will again rule from the top, because now the Sandinist National Liberation Front and the Nicaraguan people will continue to rule from below, will continue to rule from below, will continue to rule from below. [Ortega repeats himself] [shouts, indistinct chants]

We will continue to rule from below, and we will see to it that our rights are respected. They wanted to rule? Well, now they have the opportunity to rule. We will pass the burden over to them, and it is a rather heavy burden. Let us see how well they fare. [indistinct slogans]

They wanted the FSLN to be in the opposition? We are now the opposition. [applause, cheers] We are the opposition. [indistinct slogans] We are going to defend this democracy so the people will exercise their full right to be the opposition. [applause, cheers] To be in the opposition is no offense. It is not a whim. But we will be in the opposition, fighting against everything that goes against the people. We will not allow anything to be done against the people. [applause, cheers]

From below, we will be voting, and—brothers, let us not be men of little faith—all those who voted for UNO will be joining us quickly. [cheers, indistinct chants] All the people who voted for the FSLN and all the people who voted for UNO will never vote for anything that goes against the people. That is why we will be defending from below that 99.9 percent of the people.

[Cheers, applause, chants of "Daniel, Daniel!;" 2-minute break in speech while announcer says Ortega is greeting and shaking hands with the "avalanche of people" who get close to him on the stand]

The FSLN has a constructive stand, a firm stand, an understanding attitude, a patriotic attitude. Now the ball is in the other court. The ball is in the other court. Sandinist brothers, Nicaraguan brothers, we have pledged to continue defending this free Nicaragua, this liberated Nicaragua as of 19 July 1979.

There will be a few cowards who will react like Judas in these moments, but the people will never betray the people. [cheers] The people cannot betray themselves. [Crowd shouts: "Never!"] Brothers, we will continue with the battle for democracy, we will continue with the battle for national dignity, we will continue with the battle for Nicaragua. We will again go to the neighborhoods, we will again go to the factories, we will go to the towns, we will continue with the people. [cheers, applause, and shouts of "Long live Sandino!" and "Daniel, Daniel!"] The FSLN was born from the people, is with the people, and will never leave the people. [cheers, applause]

Long live the FSLN! [Crowd shouts: "Long live!"] Long live the heroic people of Nicaragua! [Crowd shouts: "Long live!"] Long live our heroes and martyrs! [Crowd shouts: "Long live!"] Long live Carlos Fonseca! [Crowd shouts: "Long live!"] Long live German Pomares! [Crowd shouts: "Long live!"] Long live Daniel Ortega! [Crowd shouts: "Long live!"] Long live free Nicaragua! [Crowd shouts: "Long live!"] Long live free Nicaragua! [Crowd shouts: "Long live!"] Long live free Nicaragua! [Crowd shouts: "Long live!"]

Brothers, all of us with Sandino, all of us with Carlos, all of us with our heroes and martyrs: To rule and defend from below; to rule... [Crowd responds: "From below"], to defend... [Crowd responds: "From below"]. [Ortega and crowd then repeat this exchange 15 times]

Today, when Carlos Mejia concluded his statement, he said the following, and let us now all say with Carlos Mejia: My comrades, don't back down! [Crowd chants: "My comrades, don't back down!"] Don't become cowards! [Crowd chants: "Don't become cowards!"] The fatherland needs... [Crowd responds: "Your courage and your bravery!"] [Ortega and crowd then repeat each of these chants one more time]

Free fatherland! [Crowd chants: "Or death!"] Long live Sandino! [Crowd chants: "Long live!"] [Ortega and crowd repeat these chants three times] [applause, cheers, indistinct slogans]

Ortega Comments on Defeat, Sandinist Reaction

PA2702192990 Managua Radio Sandino in Spanish 1544 GMT 27 Feb 90

[Interview with President Daniel Ortega by unidentified reporters during visit to Radio Sandino's studios in Managua on 26 February—recorded]

[Text] [Ortega] This is just to say hello to our friends and comrades at the station. I wanted to say hello to you and to comrades in the various work centers to tell you that we have to work with confidence and reassurance, that what we are doing is well done. This, which can be construed as a defeat, must be construed as victory of the people who honor the FSLN [Sandinist National Liberation Front]. There is no reason for this to [words indistinct].

I am sure that all Sandinists have the same morale you have. Therefore, we have to continue working for the country to forge ahead, to forge ahead.

[Reporter] Commander, at this moment we are here [word indistinct] because we have found ourselves obliged to carry out this marathon transmission. The people have invaded the place and have requested—rather, have demanded—that we make the microphones available to them to express support for the strongest party and the party that has won respect, the party that represents the interests of the working people. We have gladly made them available to parents, young people, children, elderly, maimed persons, and those who made this 20-year revolution possible. They are fully entitled to it and you can see for yourself that they are present here [words indistinct].

[Ortega] I agree that all of us are entitled to express our opinions and [word indistinct] comrade who had five brothers who fell. The truth is that what is important regarding those who fell is that the message we Sandinists and revolutionaries convey today is a message of peace. That is what has to be done—to convey a message of peace. Important now is to relay a message of peace to demonstrate once more that we favor peace; that we have never been in favor of war; and that even at times like this we continue defending [words indistinct] that we continue to struggle for the Nicaraguan people's right to peace, for their right to economic well-being and social well-being. I want to embrace all of you, brothers...

[Reporter, interrupting] Commander....

[Ortega, interrupting] ...and to tell you that we are going to continue working.

[Reporter] Many mothers and comrades have been calling from neighborhoods saying that they have been harrassed by UNO [National Opposition Union] people and ask what to do in that case?

[Ortega] When there is harassment it has to be reported to the police. When there is harassment, what any person who feels harassed by UNO forces or any other political

group has to do is immediately report it to the police. In fact, the police are supposed to preserve order and not to allow acts of violence of any kind to occur.

This morning, I made here a very clear appeal for us to make a display of [word indistinct]. The revolution is fully capable of overcoming a situation as complex and difficult as this and forging ahead.

[Reporter] What appeal would you make to Sandinist militants in this situation? What are the immediate tasks now, when the people have cried: National Directorate, we await your orders?

[Ortega] To (?close ranks). We have (to ?close ranks) and unite. We must bear in mind that our's continues to be the biggest and strongest party in Nicaragua. [Words indistinct] Nicaragua's biggest and most powerful party and if we did not [word indistinct] with a majority of votes in these elections, we continue to be the biggest party. We must take into account that UNO consists of 12 parties and two groups, that is, 14. So, actually, we (?cannot forget) that our party, the FSLN, is the biggest party. We have to underscore this and continue working, honoring the memory of the fallen, honoring the memory of the martyrs, honoring the memory of the mothers so as (?to forge ahead) together.

[Reporter] Did you or the FSLN expect this reaction from the people after the vote count of these elections became known.

[Ortega] It is normal to react. However, it is important that we funnel these reactions in a most constructive and positive sense so we will not be accused of trying to provoke acts of violence [words indistinct]. It is all right to present complaints, if not through the radio, at least to the police. Let the police get going [words indistinct] abnormal situation. We have to bear in mind, too, that there are observers here. The observers are going to remain here for some time. There is a large number of observers and they are supposed to go immediately to wherever acts of violence occur.

[Reporter] Commander, concerning violence, no one in the avalanche of people who have rushed here has been violent. On the contrary, they have come here prepared to work for the FSLN. Yet many concerns remain. One of them, for instance, is the Cubs. One of those demobilized came here, sat on that chair, and said: Well, the FSLN has given me support. The FSLN has given support to the mothers of heros and martyrs. They came here. The FSLN gave land to some peasants. People from many settlements in Managua came here. The people who came here were not all dressed-up ladies. Humble people have come and are in this demonstration. What is the FSLN going to do [words indistinct].

[Ortega] The FSLN will continue to defend its (?ideas). One must bear in mind that the FSLN is going to have very important representation in the National Assembly. We will have deputies there to defend those gains. I think it would be a grave mistake if it occurred to someone now to begin taking those gains away from the people [words indistinct] to say hello to all of you and to tell you that other brothers have died; that other brothers have lost limbs or have been mutilated by the war and they have good morale [words indistinct]. The FSLN continues to be the leading force in Nicaragua. It is a political force and so we must continue working.

[Reporter] The FSLN continues to be Nicaragua's leading political force. I agree. It held a clean, honest election. However, what do you think of UNO? It consists of several parties. What do you think? Do you think they can hold [together] for a long time? What will happen with them?

[Ortega] Now, that remains to be seen. That remains to be seen. They will submit to the test. They will now have the problem of governing, which is not easy, and we will be in the opposition. I [words indistinct].

[Reporter] Commander, commander...

[Unidentified person in crowd, interrupting] ...the votes of the people, the votes of the mothers...

[Reporter] These were statements by the president of the Republic and coordinator of FSLN National Directorate Executive Commission, Commander of the Revolution Daniel Ortega Saavedra last night at Radio Sandino.

FSLN Chief Warns Contras Not To Return Armed

PA2702202090 Panama City ACAN in Spanish 1935 GMT 27 Feb 90

[Text] Managua, 27 Feb (ACAN-EFE)—The Sandinists, who were defeated in the 25 February elections, will not let the contras stationed in Honduras return to Nicaragua "in uniform and armed," a top ranking member of the Sandinist National Liberation Front [FSLN] said today. He warned the elections' winners that "some things are non-negotiable." "We are not going to let the contras return to Nicaragua in uniform and armed," Dionisio Marenco, chief of the FSLN Agitation and Propaganda Department (DAP), stated.

Marenco added that "Bermudez may return, but in civilian clothes, "referring to Enrique Bermudez, one of the top leaders of the Nicaraguan Resistance, an organization better known as the contras. The FSLN leader warned that "if we wanted to bring instability to the country, we could do so in 48 hours," but he added, "we are proving we are democrats."

The DAP chief counseled President-elect Violeta Chamorro to keep Defense Minister Humberto Ortega and Interior Minister Tomas Martinez in their posts. "If Violeta were smart, she would keep them in their posts," Marenco said.

Nicaraguan President Daniel Ortega is meeting with the Sandinist Assembly, an FSLN consultation organ, and with top Nicaraguan military chiefs. Since the 25 February elections, the Sandinist leaders have held several

meetings to decide the conditions under which the transfer of power to the new government, which must be inaugurated on 25 April, will be conducted.

Military Wants To Negotiate 'Rules of the Game'

PA2802050090 Paris AFP in Spanish 0318 GMT 28 Feb 90

[Text] Managua, 27 Feb (AFP)—Two top military men have said that the Sandinist National Liberation Front (FSLN), which lost the elections to the National Opposition Union (UNO) on 25 February, plans to negotiate the command of the Army with the new government.

Colonel Javier Carrion, deputy chief of staff of the Sandinist People's Army (EPS), and Colonel Hugo Torres, chief of the Political Directorate, agreed that there must be a negotiation with UNO to define "the rules of the game" in all areas, including the military one.

"We must sit down with UNO to discuss what the transition will be like and what the rules of the game will be," Carrion pointed out. He added that this is the task standing before President Ortega between now and the transfer of power on 25 April.

Meanwhile, Torres admitted that within the Sandinist ranks there were members who considered the possibility of not handing power over to another government, but he played this down by saying that "every party has a set of ideas and attitudes, and some are more moderate while others more radical."

Despite those differences, Torres added, the decision to recognize the opposition's victory, which was announced by President Ortega on 26 February, was reached "unanimously."

Torres did not rule out that the EPS might accept a defense minister appointed by UNO, but he reserved the right to demand "respect for the institutionality and professionalism of the Army," as President Ortega demanded on 27 February.

"We will defend the constitution, because, after all, it allowed UNO to reach the government," Torres said.

The Sandinist military officer warned that if the new government tries to "reverse the social achievements" brought about by the revolution since 1979, "stability could be jeopardized." On the other hand, "if the institutions, constitution, and the law are respected, a period of stability will follow."

However, Torres ruled out the possibility of a "coup d'etat" against UNO should it fail to comply with Sandinist demands, because he recalled that there are legal instruments provided by the constitution that may be used to defend the revolution's achievements.

In this regard, he recalled that the new government needs two thirds of the votes at the National Assembly to amend the constitution that was approved by a Sandinist Parliament majority in 1987.

Torres refused to specify the total number of Army troops, which he quoted at "several thousand," but said that its ranks have already been reduced by 15,000 men as a result of budget cuts made by the government last year to contain hyperinflation.

When asked whether they would be willing to dismantle the Army, he said that "we have been reducing the number of our troops for the past few years, but to consider a dismantling of the Army implies not having your feet on the ground."

The military leader said that "we will have to wait a few days" to see how the Armed Forces' leadership is defined through negotiations with the new government.

He said the FSLN will "come out stronger from this experience" and will defy the expectations of those who thought that it would be weakened because it lost power. "Those who thought that can beat themselves over the head," Torres said in conclusion.

EPS Leader Torres Comments

PA2802142990 Managua Radio Sandino in Spanish 1223 GMT 28 Feb 90

[Statement by Colonel Hugo Torres Jimenez, chief of the Sandinist People's Army, EPS, Political Directorate; date and place not given—recorded]

[Text] I believe it is quite clear. This is what it means: The Army's structure cannot be affected, the institution cannot be hurt, and the law dealing with the Army and the Interior Ministry cannot be affected. This is outlined in the country's constitution. I believe we must demand respect for the institution and respect for the constitution. These are two institutions that legally exist and are necessary for the country's defense and for keeping domestic order. That is why we are going to demand respect for these two institutions.

President-Elect Chamorro Gives Message to Nation

PA2802054090 Managua Radio Corporacion in Spanish 0353 GMT 28 Feb 90

["Message to the nation" by President-elect Violeta Barrios de Chamorro from her residence in Las Palmas, Managua—live]

[Text] [Chamorro] Nicaraguan brothers, fellow countrymen: We Nicaraguans must congratulate ourselves because this electoral victory is not just a victory of the National Opposition Union [UNO], but of all the people, who have given a magnificent example of patriotism to the world.

Today I received a letter from Dr. Mariano Fiallos Oyanguren, president of the Supreme Electoral Council, in which he tells me that I am the president-elect of all Nicaraguans. Last night President Ortega came to my

home accompanied by the chiefs of the observer missions to congratulate me and assure me that the Sandinist National Liberation Front [FSLN] will abide by the sovereign will as expressed in the 25 February elections.

I recognize the noble action of President Ortega by complying in this manner with a tradition of all democratic societies, which is that the loser concedes victory even before the Electoral Council announces the final report.

For my part, I want to ratify my commitment to respect the will of my memory, of that 40 percent...

[Announcer, interrupting] Listeners, we are broadcasting from Mrs. Violeta Barrios de Chamorro's home the message she is addressing to the nation. Dona Violeta is very emotional, dear listeners. You can very well imagine the emotion Dona Violeta Barrios de Chamorro is experiencing right now as she addresses us as president-elect of all Nicaraguans.]

[Chamorro] For my part, I want to ratify my commitment to respect the will of the minority, of that 40 percent of our people who voted for the FSLN, and tell them I want to be the president of all Nicaraguans and that I will honor my solemn commitment to achieve a national reconciliation of the Nicaraguan family. I trust the FSLN—as the second political force of the nation—will maintain a responsible and constructive attitude on matters of national interests, such as the course of the nation and the social harmony that should prevail for achieving the aspirations of our people.

I have received the support of the majority of the Nicaraguan people, who want peace, national reconciliation, and economic recovery. To achieve this, all Nicaraguans should peacefully join national life so we can build a democratic Nicaragua together.

Therefore, the Tela agreements of the Central American presidents should be implemented, as they call for the rapid and immediate demobilization of the Nicaraguan Resistance and repatriation under the protection of the International Commission of Support and Verification. The causes that led to civil war in Nicaragua no longer exist. There is no reason why there should be war. Therefore, those who rose up in arms should lay down their weapons and peacefully return to Nicaragua with their relatives to work for the reconstruction of our fatherland.

We have achieved this first great democratic lesson in the history of the country for all of us. We also have the patriotic duty of continuing to work to consolidate the bases of democracy in Nicaragua. We have broken the black tradition of our history that claims governments only change through bullets and not through votes.

We are building history, and I trust, God willing, that on 25 April we will have the first peaceful transfer of power to a government from the opposition in the history of Nicaragua. I want to ratify that this is an election that will not produce exiles, political prisoners, or confiscations. Here, there are no winners or losers.

I will faithfully comply with the UNO platform, which is a program of national salvation, reconciliation, and reconstruction, and not of vengeance. On 25 February the people elected me president of all Nicaraguans, accompanied by Dr. Virgilio Godoy as vice president. However, this will not be a victory of Virgilio and Violeta, but of Nicaragua, because all of us have taken this first step toward the construction of our democracy. This victory belongs to the common citizen, to the vast majority of the Nicaraguans who knew how to choose the option of democratic change.

In this moment of great emotion, I must pay tribute to my husband, Pedro Joaquin Chamorro, who set a courageous example throughout his life and paved the way for democracy so today, 12 years after his assassination, we see his ideals coming true. For him and in his memory I have embarked upon this great liberating crusade, and I will continue struggling—with the help of God and the Blessed Virgin—to meet all commitments.

It is only fair to congratulate President Ortega for having allowed a free election in Nicaragua, for having invited the greatest number of foreign observers in the history of our elections, and for having respected the sovereign will of the people by recognizing the victory of UNO.

I also want to thank the world for having lent their eyes and ears with the thousands of observers, who with their presence here gave confidence to the Nicaraguan people [words indistinct] this event.

I also want to recognize the great merit of the CSE [Supreme Electoral Council] and its president, Dr. Mariano Fiallos, for having directed this electoral process and being impartial.

This has been a triumph for Central America. With this gigantic step toward lasting peace and internal reconciliation in Nicaragua, the Central American peoples will live with more tranquility.

I want to assure my Central American brothers that during my government I will support the process of economic, political, and cultural unity of our peoples to help each other solve our problems.

The efforts made by the Central American presidents have been successfully crowned today. The Central American presidents took up the task of finding peaceful solutions to the regional conflicts with the signing of the Esquipulas II agreement and the subsequent peace agreements.

The aspiration of the Costa Rican people and their President Oscar Arias, promoter of the peace plan and well-deserving Nobel Peace Prize winner, has been crowned today. I want to use this occasion to grant recognition to President Arias' efforts on behalf of the Nicaraguan people.

I also want to congratulate President Cerezo and President Azcona. In addition, I want to give special recognition to a great supporter of democracy, to a person who was very concerned about the success of the peace process and who died in San Salvador recently. I am referring to former President Jose Napoleon Duarte. May he rest in peace.

I want to congratulate Cardinal Miguel Obando y Bravo, the great shepherd of the Nicaraguan people. His peaceful guidance reached the consciences of all Nicaraguans, and the election process developed peacefully.

Today is a day of triumph. Today, an entire people with a thirst for peace, reconciliation, and freedom celebrates its triumph. Today, workers who refuse to live in misery are celebrating their victory. Today, mothers who refuse to lose their sons in the military service celebrate their triumph. Today, the youths who will now have an opportunity to study and serve the homeland with their creative talent celebrate their triumph.

Peace has been strengthened throughout the world with the successful culmination of this election process. Democracy is the best guarantee of a lasting and firm peace. Nicaragua has joined that great wave of democratic changes that is covering the world.

Democracy begins with respect and tolerance. For that reason, one of my first government actions will be to declare a general amnesty to begin a new era of reconciliation and progress in our long-suffering Nicaragua.

At this solemn moment, I turn to God to thank him and ask him to bless and enlighten our new changes.

Long live the Nicaraguan people. Long live freedom and democracy. Nicaragua will be a republic again.

Godoy Discusses Negotiations, Transfer of Power

PA2802044390 Paris AFP in Spanish 0336 GMT 28 Feb 90

[Report by Arturo Gudino]

[Text] Managua, 27 Feb (AFP)—Nicaraguan Vice President-elect Virgilio Godoy said today that the National Opposition Union (UNO) has no intention of negotiating with the Sandinist National Liberation Front (FSLN) before taking power on 25 April.

"What will we negotiate if the people's decision gave us the victory (at the 25 February elections)?" Godoy asked when a group of journalists asked him about the statements by a high-ranking Sandinist leader that UNO would be forced to negotiate with the FSLN because otherwise it would not have any chance of changing the legal framework of revolution.

Godoy also said the Sandinists seem to have plans to create "chaos and make the country ungovernable," and even to prevent the new government "from taking control."

Godoy warned that the talks that could be held with the Sandinists to ease the transfer of power should not be confused with negotiations, and reiterated that "the people voted for UNO."

Godoy attended a thanksgiving mass tonight—celebrated by Cardinal Miguel Obando y Bravo—along with President-elect Violeta Chamorro. At the same time, President Daniel Ortega was participating in a meeting at the Plaza of the Nonaligned Countries, where he told hundreds of followers that "the change in government does not mean the end of the revolution."

Sandinist leader Rafael Solis said at noon today that Mrs. Chamorro was willing to hold negotiations with the FSLN, but that a "group of hot-headed people"—perhaps referring to Godoy—were opposed to that.

Mrs. Chamorro, who made no reference to the negotiations, said the Sandinists "have promised to transfer power," and deplored the fact that the "radio and television" controlled by the government "are causing provocations when what we need is peace."

Cardinal Obando y Bravo made an appeal for reconciliation and, referring to the 26 February street incidents staged between UNO followers and Ortega's followers, who refuse to accept defeat, asked people to maintain "calmness and tranquility."

"It would be very sad to head toward the path of violence," the cardinal said during his homily at Las Sierritas Church in Managua, adding: "I admired the people's attitude during the electoral process—which developed without serious incidents—and would like to admire the people after the elections."

Godoy Complains of Delay in Final Vote Tally

PA2802140690 Paris AFP in Spanish 0808 GMT 28 Feb 90

[Text] Managua, 28 Feb (AFP)—Vice President-elect Virgilio Godoy reported today that the Supreme Electoral Council (CSE) has failed to keep its word by issuing the complete results of the 25 February elections yesterday, giving the impression that an attempt is "apparently" being made to reduce his group's electoral lead.

In a news conference, the Liberal leader, nominated by the National Opposition Union (UNO), announced that about 360,000 votes remain to be counted, an amount that is equivalent to approximately 20 deputies in the National Assembly (the parliament).

With 80.5 percent of the votes cast on 25 February counted, UNO has won 633,357 votes (55.2 percent), and the ruling Sandinist National Liberation Front (FSLN), 468,040 (40.8 percent). About 1.7 million citizens over 16 years of age are registered to vote.

After stating that "as we understand it," the UN Observer Mission for the Verification of Elections in Nicaragua (ONUVEN) already has the total vote count,

Godoy said that UNO, the coalition that won the elections, will present a formal complaint on the situation to that international organization.

Current projections give UNO 52 seats in the National Assembly, as opposed to 38 seats for the FSLN. Modification of the constitution requires 60 percent of the votes cast, which means having 55 deputies.

In this regard, Godoy stated that the "deliberate" delay in counting the remaining 20 percent of the votes could reflect the intention to "narrow" the gap that currently exists between UNO and the FSLN.

The vice president-elect told reporters that regional CSE officials "are changing the records to annul votes favorable to UNO."

Asked about the initiation of negotiations between the 14-party UNO and the FSLN for the transfer of power on 25 April, Godoy said that he was not up to date on the subject. He added that "it involves simple administrative matters; there will be no major political discussions."

Last night, the Sandinist government announced that Defense Minister Humberto Ortega and UNO campaign manager Antonio Lacayo had met to formally begin negotiations for the transition, since they are the heads of the respective teams designated for that purpose.

Witnesses at this first meeting between Ortega and Lacayo were Jimmy Carter, former president of the United States; Joao Baena Soares, secretary general of the OAS; and Elliot Richardson, head of ONUVEN and personal representative of UN Secretary General Javier Perez de Cuellar.

Talks between the FSLN and UNO will begin in the next few hours, according to official information issued yesterday.

Chamorro, Godoy Attend Mass by Obando y Bravo

PA2802034490 Panama City ACAN in Spanish 0220 GMT 27 Feb 90

[Text] Managua, 27 Feb (ACAN-EFE)—President-elect Violeta Chamorro said today that "we will soon have a general amnesty so all Nicaraguans living away from their homeland can return home."

After attending a mass by Cardinal Miguel Obando y Bravo, to give thanks for her victory, Chamorro confirmed that "we will end the compulsory military service." Chamorro asked Nicaraguans to be "patient and calm."

In the mass celebrated by four priests and the three Managua auxiliary bishops, Chamorro was accompanied by Vice President-elect Virgilio Godoy.

Chamorro expressed her disagreement with "the masses" (Sandinists) demonstrating in the streets, "because what we need to do now is to pray and be calm."

Chamorro stressed: "I want peace. I do not want the masses (Sandinists) shouting in the streets stirred by the government provocations disseminated through the various radio stations, especially through Radio Sandino."

To open his homily and amid the applause with which the faithful who attended the Catholic church greeted the prelate's opening words, Monsignor Rivera y Damas said: "Her Excellency Mrs. Violeta Barrios de Chamorro, Nicaraguan president-elect."

Obando y Bravo congratulated Chamorro "for the opportunity that God has given her to serve her people in the search for their common well-being in the future."

Cardinal Obando y Bravo said: "I also congratulate President Daniel Ortega, who has shown a great degree of maturity by recognizing the opposition's triumph on behalf of all of us. That is great."

The Catholic prelate praised the Nicaraguan people's behavior on election day and earnestly hoped that "the people continue seeking civilized solutions to their problems."

Violeta Chamorro and Virgilio Godoy occupied the seat of honor reserved for the country's highest civilian authorities at the Church of Las Sierritas in Managua.

Government, UNO Transition Team Leaders Meet

PA2802042490 Managua Radio Corporacion in Spanish 0314 GMT 28 Feb 90

[Text] Defense Minister General Humberto Ortega and Antonio Lacayo, who preside over the transition teams established by the president and the president-elect, today met at the Carter Center offices to begin the transition process.

Former U.S. President Jimmy Carter; Mr. Elliot Richardson, the UN secretary general's representative; and Mr. Joao Baena Soares were present at this first meeting as observers. Working meetings between the two teams will begin tomorrow.

Ortega, Calero Hope for Peaceful Power Transfer

LD2702233190 Madrid in Spanish to Europe 2030 GMT 27 Feb 90

[Text] In statements to the Spanish media, the acting president of Nicaragua, Daniel Ortega, and the leader of the Contras, Adolfo Calero, were hopeful for a democratic and peaceful transfer of power between the Sandinist government and the one to be led by Violeta Chamorro. For his part, the Spanish foreign minister, Fernandez Ordonez, in statements to a Spanish radio station said that the future of Nicaragua is a future of

dialogue. Finally, Claudia Chamorro, daughter of Violeta and wife of the Nicaraguan ambassador in Spain, Edmundo Jarquin, said in Madrid that yesterday she contacted her mother to congratulate her and express her respect and consideration despite their political differences.

RN Congratulates Chamorro; Offers Support

PA2802050990 Managua LA PRENSA in Spanish 27 Feb 90 pp 1, 4

[Text] This morning, the Nicaraguan Resistance [RN] sent a telegram to our newspaper office supporting and acknowledging the victory of Violeta Chamorro and Virgilio Godoy.

The text of the telegram signed by two members of the RN General Staff is the following:

General Headquarters
Army of the Resistance
General Staff Headquarters
26 February 1990

Mrs. Violeta Barrios Chamorro, president-elect of Nicaragua
Dr. Virgilio Godoy, vice president-elect
Gentlemen of the National Opposition Union (UNO) Political Council
Managua, Nicaragua

In response to the clear evidence of an overwhelming electoral victory and the support you have received from the majority of our people, we congratulate you and offer you our support.

This victory is all the more meritorious because our people defeated the different and various tricks, and different means of coercion, of the Sandinist National Liberation Front. The RN, in addition to its quota of blood and eight years of sacrifice, always supported the electoral process as a civic trench to be taken advantage of despite thousands of stumbling blocks.

Very affectionately,

General Staff of the Army of Resistance
Commander Mack G-2, for the RN General Staff; Commander Ruben G-5, for the RN General Staff.

ONUCA Chief Views Contra Repatriation

PA2802042790 Paris AFP in Spanish 0212 GMT 28 Feb 90

[Text] Tegucigalpa, 27 Feb (AFP)—General Agustin Quesada, chief of the UN Observer Group in Central America (ONUCA), today warned the Honduran-based contras that they will be harmed if they insist on rejecting their repatriation.

Members of the Nicaraguan Resistance (RN) General Staff, based in Yamales, in eastern Honduras, said that after the electoral triumph of the Nicaraguan opposition on 25 February, they will resist the demobilization of their forces, as long as the Sandinist People's Army is not reduced. Quesada said that a challenge by the contras could harm them rather than help them because the International Commission of Support and Verification (CIAV), formed by the United Nations and the OAS to assist in the demobilization at the Central American presidents' request, could help them obtain international support for their repatriation, relocation, and demobilization in the peaceful conditions that they want.

The Spanish general and Morack Golden, UN assistant secretary general for special political affairs, met today with President Rafael Callejas to inform him of the observation activities being conducted along the border region.

Golden recalled that UN Secretary General Javier Perez de Cuellar supported the agreements signed at the Tela, Honduras summit in August 1989 regarding the demobilization of the contras.

The UN observers recently began observation actions along the zones of contra influence and set up a center of operations in Danli, the city closest to the rebel camps in Yamales.

Crowd Demonstrates in Support of FSLN, Ortega

PA2702175390 Managua Domestic Service in Spanish 1721 GMT 27 Feb 90

[Report by Victor Torres]

[Text] We want to say that the streets belong to the people, who conquered them with the lives of 50,000 of their best children. The people are now in the streets. They have arrived and gathered at the Olof Palme Convention Center where the Sandinist Assembly of leading Sandinist cadres, is meeting. They came to express their support for the Sandinist National Liberation Front [FSLN] and for Daniel Ortega and the FSLN National Directorate, and to show their unyielding decision to continue at the forefront and struggle and struggle, as they chanted in this demonstration under the slogan: The struggle goes on.

2 Killed During FSLN-UNO Clashes in Esteli

PA2702211190 Paris AFP in Spanish 2031 GMT 27 Feb 90

[Text] Managua, 27 Feb (AFP)—According to a correspondent of the Sandinist Front newspaper BARRICADA, two persons, a Sandinist militant and a National Opposition Union (UNO) follower and supporter of Nicaraguan President-elect Violeta Chamorro, have been killed in clashes in Esteli City, 165 km north of Managua.

According to the source, who failed to give an exact date for the incidents, the confrontation began when a group of UNO militants started provoking young military members.

A Sandinist People's Army spokesman said over the telephone that the incidents took place in Esteli City last night, but he did not mention any casualties.

UNO sources indicated that a UNO election office had been burned down.

UNO Party Poll Representative Kidnapped

PA2802042690 Managua Radio Corporacion in Spanish 0316 GMT 28 Feb 90

[Text] Here we have a last-minute report. The situation has grown more tense each day in Nicaragua. We appeal to the Nicaraguan people to think and remain calm, because from different parts of the country we have been receiving calls that the Sandinist mobs are stoning and attacking the civilian population, the civilians who took part in the vote to elect the new president, Mrs. Violeta Barrios de Chamorro.

We have a report and it is quite sensitive. A few moments ago Marcelino Lacayo, party poll representative of the National Opposition Union [UNO], who lives one block from the lake of Ciudad Jardin, was kidnapped. A white vehicle, whose license plates numbers are not known, was driven by unidentified people who threw stones at the house and immediately kidnapped the UNO party poll representative.

We repeat, a UNO party poll representative was kidnapped at his home, which is one block from the lake of Ciudad Jardin, by unidentified people who were traveling in a white Fiat. The victim's relatives are quite concerned because of due the violent manner in which he was forced into the car by four unidentified people, who took off headed toward the western part of the capital. Marcelino's whereabouts are not known at this time.

We have also received several reports about people being arrested by police patrols, such as the case of Melvin Lacayo, who, after taking his wounded wife to the hospital, was arrested in the Manolo Morales Hospital by three Managua police patrols and taken to Police Station Number 4, where he is now. We call on the international observers to take note of this matter because this is a very sensitive issue. The case of Marcelino Lacayo is a blatant case of kidnapping.

26 Feb Press Review on Post-Election Developments

PA2702213090

[Editorial Report] The newspaper LA PRENSA, published by Violeta Chamorro, President-elect of Nicaragua, on pages one and four, reports on a public statement made by Violeta Chamorro at 0400 shortly after having heard the latest report by Supreme Electoral Council (CSE) President Mariano Fiallos.

The report, which quotes Mrs. Chamorro, notes that she congratulated the Nicaraguans for the civic way in which they voted on 25 February. The newspaper quotes Mrs. Chamorro as saying: "All of us have produced the first democratic elections in the country's history." She added: "This is an election that will not produce exiles, or political prisoners, or confiscations, because here we have neither winners nor losers."

The report notes that Mrs. Chamorro ratified her commitment with UNO's (National Opposition Union) government platform, a platform that she called: "a national salvation program."

On page 4 LA PRENSA carries a report on Interior Minister Tomas Borge's "rash visit to Vote-Counting Board No. 703 to personally investigate who had reported a power-outage problem at that board," in El Paraisito neighborhood. The newspaper reports that Borge went to that place at 1850 on 25 February shortly after riot policemen "tried to stop protests from townspeople who were shouting that the Sandinists were trying to steal the ballots cast in favor of UNO."

The Sandinist National Liberation Front (FSLN) newspaper BARRICADA carries on page 2 of its 26 February issue a report noting that throughout the national territory the voting was relatively normal, "with the exception of some parts of Regions 1, 2, and 4" where counterrevolutionary groups "threatened peasants."

This report notes that the Electoral Council of Region 1 reported the entry, by force, of the U.S. Embassy's Second Secretary, John Sharbur, into the office of Vote-Counting Board 001, in Mozonte, Ocotal, "in open violation of the electoral law."

A BARRICADA report on page 6 noted that after a few hours of voting in the Jinotega war zone, "the situation is normal."

A report on page 2 in the same newspaper notes that Mr. Elliot Richardson, representing UN Secretary General Javier Perez de Cuellar, U.S. Senator Christopher Dodd, former Argentine President Raul Alfonsin, and others observed the elections process in the country's west. The report adds that Mr. Richardson "said he was impressed with the atmosphere of calm that existed and the number of people who went to vote."

Paper Urges Unity of All Leftist Parties

PA2702234090 Managua EL NUEVO DIARIO in Spanish 26 Feb 90 p 2

[Article by Juan Alegria Guerrero]

[Text] It is interesting to observe that a small country of barely 3 million people has 24 political parties and that these parties will probably split into many more. This process of parties splitting into smaller parties is even more interesting if we observe that it has occurred in both the rightist and the leftist parties. It would appear that Nicaraguan society is affected by an endemic disease, if one could make reference to a political pathology and call this an endemic political situation more than

pluralism, as it is normally called. This situation can be explained by the following reasons:

1. An absence of true leadership among the opposition political parties.

2. The political greed of the various sectors and social classes resulting from the ousting of the Somozist dictatorship during which time there was no political pluralism.

As far as the left is concerned, the process of parties splitting into smaller ones could lead, in time, to the failure of the revolutionary plan. Therefore, this article urges the unity of all the leftists in Nicaragua.

Before anything else, let us define what is understood as the left in Nicaragua, according to our electoral classification.

On the extreme left, we find the PRT [Revolutionary Workers Party]; also leftist, but not as extreme, we find the MAP-ML [Marxist-Leninist People's Action Movement], and the MUR [Movement of Revolutionary Unity]; and in the center left, the Socialist Party and the Communist Party of Nicaragua. Almost in the center, we find the FSLN [Sandinist National Liberation Front], but it cannot be put into one classification because it is not the same in its makeup or tendencies. Also, the groups within it range from the extreme left to the center position (social democrats). This latter group has copied the FSLN strategy in recent years through a strong and unified leadership that the other leftist parties are lacking.

In general terms, this describes the Nicaraguan left in all of its tendencies from the PRT to the FSLN.

In this electoral campaign, the Nicaraguan left has been somewhat inconsistent and this should worry the leaders as well as the militants and followers. Among others that are less important, we note the following:

The first inconsistency was the nonintegration of a united front bloc. This emphasizes even more the parties subdivisions and the differences within the leftist parties. A leftist block should have strengthened the revolutionary positions in these elections, based on coinciding points, to confront the positions of the rightist parties and not favor them.

A second inconsistency was waging an electoral strategy that coincided with the arguments of the right against the FSLN. The left was not shrewd enough to have its own arguments or to establish an axis of electoral propaganda. In this sense, the electoral strategy of the PSC [Social Christian Party] was the most original one, with wide repercussions for the left. This makes it the third force after the FSLN and UNO [National Opposition Union].

A third inconsistency was not giving due importance to the changes that the FSLN experienced as a party: from dogmatic positions prior to 1979, during the first years of the revolution, to its current position of being the center-left social democrats, and losing the perspective that the united left of Nicaragua is the only one that can guarantee a true pluralism. This was not the case of UNO and the other rightist or center-rightist parties that sooner or later after having taken power would lead to an anti-leftist pluralism, which would be reactionary. This should have influenced the electoral strategy of the leftist parties in defining an axis of the electoral campaign different from UNO as opposition parties.

The fourth inconsistency was to make an alliance with rightist parties within UNO—PSN [Nicaraguan Socialist Party] and PC de N [Communist Party of Nicaragua]—forever besmirching the historic prestige that these parties had gained throughout the struggle against the Somozist dictatorship.

A fifth inconsistency was the failure to recognize themselves that the entire left has changed. It has evolved to positions that make them different from what they were before 19 July 1979 and during the first years of the revolution. This applies to the FSLN as well as to the rest of the leftist parties. That evolution coincides with the changes in the international and local arena.

The sixth inconsistency is and was the sectarianism and presidential ambitions of some leftist leaders, something that dims the possibility of unity among revolutionary forces and weakens their political leadership. Because of this, the feasibility of a genuine socialist model in Nicaragua becomes less accessible to the people.

In the face of the left's inconsistencies and weaknesses, the right acted more skillfully on the matter of unity by creating UNO, rallying the PSN and PC de N around it. UNO's speech and tired political existence made it less solid and weaker than could have been expected from an opposition alliance made up of 14 political parties. The masses have also changed in the past 10 years and are politicized. They know who their allies are, can make comparisons, and have a higher class awareness despite the economic crisis. UNO expects to take advantage of this crisis that was created by winning the votes of the people who are hungry because of the famine the Yankee empire imposed on them. However, exploited workers also know the UNO bosses from way back and will be able to differentiate between a reactionary project and a revolutionary project on 25 February.

The elections leave a balance that is nothing short of positive for the left, a rich experience that can let them guide their efforts toward a revolutionary unity and the definition of a single project alongside exploited workers, those who are suffering, the dispossessed, and those classes from where the victims have come.

Panama

Popular Nationalists Urge Action in Eight Areas

PA2702124490

[Editorial Report] Panama City LA PRENSA in Spanish on 15 February publishes on page 17A an approximately 2,500-word letter from the National Executive Committee of the Popular Nationalist Party (PNP) to President Guillermo Endara detailing what the PNP considers to be the most "pressing" issues affecting the country. The PNP letter is subdivided into eight parts, with each part devoted to a specific issue to which the PNP urges the government to pay immediate attention.

The first issue is unemployment, and the PNP calls on the government to create joo opportunities with the participation of private enterprise, particularly the banking sector. The PNP stresses that it is necessary to ease banking restrictions to restore confidence in the nation's banking system.

The second issue is education, and the PNP encourages the government to restructure and modernize education programs and to teach scientific, moral, patriotic, and civic values in schools.

The third issue is the role of the newly created Public Force (FP), which the PNP insists be placed under civilian authority "to eliminate militarism."

The fourth issue is the selection of a new Panama Canal administrator, and the PNP stresses the importance of the government making its choice based on the prospective candidates' qualifications rather than on "nepotism, political affiliations, or cronyism." The PNP highlights the need to resist U.S. pressures in choosing a new canal administrator since "U.S. meddling...would be a shame for national dignity."

The fifth issue is the privatization of state-run companies, and the PNP letter warns the government to study its plans carefully before taking any action in this regard, particularly in the case of public utility companies, since, if properly run, these companies could generate significant revenues for the government.

The sixth issue is diplomatic relations, and the PNP letter expresses the party's position that "it is necessary to establish diplomatic relations with all the countries of the world" to achieve canal neutrality. In this regard, the PNP believes that "the withdrawal of the U.S. troops will facilitate normal relations with Latin American countries."

The sixth issue deals Panamanian visas obtained illegally by foreign nationals from officials of the former Noriega regime. The letter calls on the Justice Ministry to revoke these illegally obtained visas and to expel illegal aliens from Panama.

The eighth issue is on the hiring of government employees. The PNP advises the government to eliminate sinecures and cut government spending, while being careful not to dismiss low-income workers since this would aggravate the unemployment situation.

The letter concludes with a call to all Panamanians to work hard for the country's economic recovery.

'We Must Change Our Mentality' in War on Crime

PA2702221290 Panama City LA ESTRELLA DE PANAMA in Spanish 27 Feb 90 p 4

[Editorial: "Frontal Attack on Crime"]

[Text] Citizens are justly alarmed over the systematic increase of organized crime, armed holdups, and robberies in the cities of Panama and Colon, and lately in the Province of Chiriqui. We are all aware of the reasons for this climate of uncertainty and fear. Ever since the former Defense Forces were liquidated, we have not been able to effectively repress crime. In most cases, criminals are acting with unbelievable impunity. Even the authorities have realized this and admitted that it is true. Recently, Ricardo Arias Calderon, government and justice minister, exhorted the community to organize its own defense, and Guillermo Ford, planning and economic policy minister, asked citizens to face the criminals with sticks and anything available.

The crime problem has become worse than ever in our country. Criminals have launched an open and belligerent challenge to the police. They do not seem to have the slightest respect for law and order. The mass jailbreak at the Modelo and other jails and the frequency of armed attacks throughout the country seem to fully confirm this. Meeting the criminals head-on is not easy. There are several delicate factors surrounding this social scourge. We can not very well ask citizens who pay taxes and expect protection for their lives and property in return, to go out with sticks to face criminals armed to the teeth.

We understand that, in view of this situation, the community will have to adopt all the measures it deems necessary. However, we cannot believe that our new Public Force with more than 13,000 men cannot face this dangerous situation. We are aware of the seriouness and complexity of the situation. The authorities, however, are responsible for adopting the most advisable measures to deliver Panamanians from this delicate situation. Under no circumstances should the authorities let a disorganized community take upon itself the task of facing, without the proper weapons and experience, criminals capable of committing all kinds of crimes. The war against crime is facing difficult moments that cannot be ignored, and which, unfortunately, emerged from recent political events. We must face these difficulties frankly.

The only force that could stop the crime wave appears to be demoralized, timid, and sometimes even indifferent.

We have weakened it in the current political euphoria. Its units do not dare take the risks involved in facing the aggressiveness of the criminals. The deterioration of the principles of authority of the new Public Force, spurred by the wave of insults, intimidation, and revenge, decisively strengthens the criminals to commit all kinds of outrages. Under these conditions, with a demoralized Public Force and a civilian population inexperienced in the use of firearms and defense tactics, it will be impossible to declare an all-out war on crime. We must change our mentality regarding this confrontation with the criminals.

Argentina

Menem on Economic Policies, Angeloz Decision

PY2702191690 Buenos Aires TELAM in Spanish 1100 GMT 27 Feb 90

[Text] Buenos Aires, 27 Feb (TELAM)—President Carlos Menem said that his government's economic policy "does not have a liberal ideological basis, it represents a capitalist lifestyle that has helped other countries like Chile to emerge from difficult situations."

Menem added that "this is the difference between an ideology that is losing ground in the world and a capitalist economic model that was implemented by Pinochet to help Chile follow a path toward development."

He added that "many Argentines support our policy because they know that this process, which will take many years to implement, is like a tunnel, at the end of which you can see the light. The adjustment and change of the Argentine structure will help to build a different country in full production."

Menem added: "We received a country in a regrettable condition, not because of the previous administration but because of years of disagreements and failures. We are now doing what had to be done, in spite of the pain and the obvious hunger."

Menem said: "There are two types of politicians; those who think of future elections and those who think of future generations: I am in the latter category. We are thinking of future generations. Despite the offenses and the demonstrations full of red flags, we are thinking of the Argentine Republic because everyone can see how those who support the red flags are doing in the Americas and the rest of the world."

Asked by Radio La Plata about Eduardo Angeloz' rejection to join his government, Menem said: "Eduardo did not understand the range of the offer. This is nothing new because right after I assumed the government I asked him for some of his economic team, and I received a similar answer. He said: If the party agrees, the answer is yes; if not, the answer is no. I was disappointed by his answer."

Regarding the controversy between Mendoza Governor Jose Octavio Bordon and Deputy Jose Luis Manzano he said: "I cannot get involved in that conflict. They are both capable men. Their problem is an old provincial conflict that has now appeared on the national scene."

Menem added: "I hope that peace will return between these two important men. They may have defects or they may have made mistakes but they are important men for the country. If there is some wrongdoing in Manzano's conduct, then it is not a government matter but a legal matter."

Menem also emphasized the success of his administration, including "the resumption of diplomatic relations with Great Britain where the sovereignty issue is not disregarded," the "subordination of the Armed Forces to the civilian government," the "elimination of the Central Bank deficit," the "reduction of public spending," and "the privatization of state enterprises" among others.

Menem also criticized the attitude of some provincial councilmen "who have granted themselves very high pay raises." Menem announced that "a decree is being drawn by which no councilman, deputy, senator or president of a public enterprise can earn more than the president."

Menem concluded by warning that "from now on if a councilman earns more than the president the government will order the intervention of the municipal council."

Appeals for 90-Day 'Truce'

PY2802021090 Buenos Aires BUENOS AIRES HERALD in English 27 Feb 90 p 11

[Excerpts] (NA-DYN)—President Carlos Menem yesterday asked members of the Justicialist Popular Unity Front (Frejupo) electoral alliance with which he won the May 14 polls for "60 or 90 days of truce" to see if the current economic programme works, and promised the leaders of member parties that "if by that time you do not see any improvement, we will make the corresponding corrections."

The head of state held a meeting yesterday morning with top authorities of the Frejupo parties, who demanded drastic changes in economic policy. Most participants described the discussions as "very positive."

Justicialist Party chairman Antonio Cafiero blamed the problems of President Menem's administration on the inheritance from previous governments. However, the Buenos Aires governor stated that the ruling party continued to uphold the idea of productive revolution coined during the presidential campaign "although no positive results are yet to be seen."

Cafiero disclosed that "the President listened to the criticism and explained to our allies why this economic plan has to continue. He had estimated that the results of the plan could be seen in two or three years and now he asks for only 90 days for a definite diagnosis," he commented. [passage omitted]

Leaders of the Justicialist and Radical Parties will hold meetings tomorrow in order to elaborate new strategies toward a political agreement in the framework of the 60 to 90 day political truce asked yesterday by President Menem. [passage omitted]

*** Cavallo on Effects of New Economic Plan**

90ET0105B Buenos Aires SOMOS in Spanish 10 Jan 90 pp 8-10

[Interview with Domingo Cavallo by Alejandra Rey in Punta del Este; date not given]

[Text] [SOMOS] Has the idea of making the austral convertible been completely ruled out?

[Cavallo] What we have ruled out is establishing, through a steep devaluation, an equivalence between the total number of australes and the dollars that the Central Bank has. That would have pushed the dollar to 4,000 or 5,000 australes. In place of that, which would have caused severe additional inflation and hit the neediest sectors hardest, we chose to convert fixed-term deposits into Bonex. By so doing we removed a large number of australes from circulation and thus established a very appropriate ratio of currency in circulation to Central Bank reserves, but at an exchange rate of 1,300 to 1. The australes that are now in circulation are backed by gold and foreign exchange. In other words, if the government wanted to decree convertibility, it could do so at any time.

[SOMOS] Is this the second part of the plan?

[Cavallo] Well, it's not indispensable, but it can't be ruled out either. It's a somewhat technical matter that will have to be worked out over the next few weeks.

[SOMOS] How much money is in circulation at present?

[Cavallo] We do not yet know the exact amount, because we have to finish making the adjustments after paying off all the time deposits. But at an exchange rate of 1,300 to 1, the figure must be close to $2 billion. And the Central Bank has reserves of $900 million, plus $1.4 billion in gold. So, convertibility is not indispensable, because once people realize that the austral has backing, they won't worry anymore.

[SOMOS] How do you think the markets have reacted to the measures?

[Cavallo] The effects of the economic plan are already clear. The dollar has dropped to the same level as the week before Christmas. Prices are plummeting. This means that we have succeeded in cutting short the speculative hysteria that was touched off at the end of the year and that has such terrible effects. Of course certain difficulties are still to be seen in financial transactions, because the banks are not yet up to date on the new regulations. But this is going to be taken care of over the next few days, and people will get the feeling that we once again enjoy stability.

[SOMOS] What's going to happen with the companies that have to pay off loans? Will payment in Bonex be accepted?

[Cavallo] All of this demands great consistency in whatever measures are taken, both in connection with deposits and loans. I'm sure that the Central Bank is going to complement the measures that came out last week so that everything goes smoothly.

[SOMOS] And what about small savers?

[Cavallo] Everything is going to be simpler for families now. They're going to be able to keep australes in bills or deposit them in checking accounts or, the simplest, most time-honored choice, in a savings bank at a good interest rate.

[SOMOS] What sort of funds for lending will the banks have?

[Cavallo] The savings banks are going to have a much smaller minimum cash fund than before. This will give the banks funds to lend australes to companies, mainly to pay wages and salaries. There will also be lending to meet family needs. There is also going to be a deposit and loan system in dollars and Bonex, and its big advantage is that its benchmark will be the dollar, which is less subject to the speculative fluctuations that the austral has been subject to over the past few weeks.

[SOMOS] Businessmen are not very happy with the plan....

[Cavallo] Businesses are going to feel great relief very soon, because they were being overwhelmed by production costs, since the prices of imported inputs were sky-high. Their costs have now been cut; their accounts payable have been adjusted upward, and most importantly, demand is going to increase. People will receive their wages in australes that will be worth more in terms of goods, inasmuch as their prices have fallen in sync with the dollar. So then, by late January or early February the public is going to have more purchasing power. Companies are going to post higher sales, and there is going to be stability with recovery.

[SOMOS] Aren't you afraid that the massive amounts of australes from time deposits that fall due this week might push the dollar higher?

[Cavallo] No, on the contrary. The australes that have remained in circulation are the ones that are strictly necessary for everyday transactions. Therefore, there will be no excess of australes for hoarding. The fact is that the savings that people used to have in time deposits will now be in Bonex or dollars. There are no risks to this, because the quantity of australes that has remained in circulation is barely enough for a price level compatible with the dollar at 1,300.

[SOMOS] What would happen then if prices burst through that dollar level?

[Cavallo] If the price level exceeded that exchange rate, then there wouldn't be enough australes. Therefore, the exchange rate is necessarily going to be kept stable. Such stability can be insured, of course, only if the government doesn't have to print money over the coming months to cover its spending. It must achieve a balanced

budget, spend only as much revenue as it takes in. And this is entirely possible now, because the government's main item of spending was interest on the national debt. Privatization, government reform, and tax reform may well contribute to a completely balanced budget.

[SOMOS] Won't the liquidity crunch create problems in meeting obligations?

[Cavallo] People take a lot of money out of the bank at the end of the year. Over the next few days, though, the merchants who received that money from selling their goods are going to deposit it in the bank again or use it to pay off debts. But why are people going to want to withdraw money from the financial system when savings banks are paying 50 or 60 percent interest?

[SOMOS] Couldn't the plan fail with that high an interest rate?

[Cavallo] No, you have to remember that interest rates were at 400 percent a month and plunged suddenly to 50. People are gradually going to become convinced of the stability of the exchange rate and the austral, and in the meantime rates will remain somewhat high. But they will trend downward as the perception that there is stability spreads.

[SOMOS] What effect is the plan having on the financial system?

[Cavallo] The banks are going to be much healthier than before because the system of time deposits created great instability for them. The banks wasted a lot of energy on unproductive work, on continually rolling over deposits. Now they are going to find that they are handling the same amounts of money in transactions stretched over a much longer period. They are going to have more than enough capacity and will have to start providing other services: evaluating investments, helping companies with imports and exports, helping the government collect taxes.

[SOMOS] The banks say that these measures could cause them to go bankrupt...

[Cavallo] No. Those comments are from people who don't understand. On the contrary, the banks would have gone bankrupt this week if the dollar had gone to 4,000 or 5,000 australes, because in the midst of collective hysteria everybody would have wanted to salvage their deposits and buy dollars. Now the banks are going to do fine; there's nothing better than stability for them. There will be more competition and more openness. They're going to be able to make money in real transactions.

[SOMOS] With what money?

[Cavallo] With the australes that are needed, which are the ones in circulation, and with the Bonex and the dollars that are placed in the financial system. There would be a shortage of australes, I repeat, if we tried to set prices at 1,900 to the dollar. But we are lowering import tariffs so that if anyone wants to sell goods that are more expensive than the dollar, they will have competition.

[SOMOS] Are new taxes going to be enacted to close the budget deficit?

[Cavallo] Well, Congress approved a tax system in late December. It's going to start up in early February. Also, certain legislated taxes should have been collected in December and are going to come in in January. And the government is going to restrict itself to spending the genuine revenues it collects.

[SOMOS] Do these new taxes mean higher prices?

[Cavallo] The prices of medicines and foodstuffs depend on the exchange rate and, therefore, are plunging. This drop is going to outweigh the impact of the VAT. In any case, the tax would not lead to a 13 percent rise in prices because, although goods could be exempt, inputs are not.

[SOMOS] Is the lowering of import tariffs going to lead to a flood of imports on the domestic market?

[Cavallo] No, because importers can bring in only as many goods as they have dollars to pay for. The Central Bank is going to collect the import and export duties in dollars, thus boosting its reserves, but is not going to sell a single one. So anyone who wants to import will have to buy dollars on the free market.

[SOMOS] What impact will these measures have on the unemployment rate?

[Cavallo] The government is reorganizing the public sector, and this means personnel cuts. In any event, however, fair solutions are going to be sought. In Railways, for example, 8,000 persons will be laid off until retirement and will collect their salaries; 1,500 are going to move over to the DGI [General Directorate of Taxation], where they are needed, and another 1,500 are going to be dismissed, but they will no doubt find jobs right away because they're management level. The same thing is going to be done in all instances in which people have to be let go. In the end, this streamlining process will enable teachers, judges, policemen, members of the Armed Forces, physicians, and retirees to make more money.

* Leading Economists View New Plan With Caution

90ET0105A Buenos Aires SOMOS in Spanish 10 Jan 90 pp 36-38

[Text] The country lurched into the new year with another plan, which has forced economists to alter their forecasts and the rest of the Argentine people to tighten their belts. Six analysts of different persuasions, all advising caution, have outlined for SOMOS the possible economic scenarios for 1990. Recession, wages, interest rates, the dollar, a difficult year.

Carlos Sanchez, Director of the Mediterranean Foundation, Which Helped To Design the Lazaro Plan: "Prices Could Fall 30 Percent"

During Rapanelli's last week the Argentine economy was going through a recession in which prices were not being set, investment and employment decisions not being made, and merchandise not being delivered, all because of hyperinflation. Hyperinflation always leads to recession. If we compare the current situation with the situation then, I do not think that the recession is going to worsen. The summer that is in store for us will be very quiet but things will tend to improve. The recovery will be faster if there is external support, and I can assure that there will be.

Certain factors must be taken into account as far as fiscal matters are concerned. If the dollar levels off and if prices have a downward correction (they could fall 30 percent, and thus there would be no need to readjust rates and charges), the Tanzi effect will appear, meaning higher tax revenues. Revenues are indeed lower when economic activity is slower, but there lies the challenge. So then, a drastic cutback in government spending is needed, and I am convinced that the political resolve to do so exists. This is why tax reform and an overhaul of collection mechanisms are urgent.

Free convertibility can be given many meanings, and they were twisted in the end-of-year news reports. As a result, monetary reform will surely emerge as an element of economic policy, but no matter what the currency is called, it must be rigorously backed by dollars. This unquestionably entails great fiscal discipline, and thus we will have to forget about the so-called "compensating forces" of the 1960's. But before it implements free convertibility, the government must be in good working order and has to start cutting back its spending.

Jorge Avila, Economic Adviser to Eduardo Angeloz and Member of the Econometrico firm: "This Is a Temporary Plan"

I do not believe in a major recession. In other words, I rule out deflationary pressures owing to less demand for money. I feel that somehow or another there will be liquidity, whether it comes from the Treasury, from attending to a liquidity crunch in the banks, or from Central Bank financing. In any event, the new money would be absorbed by the application of free convertibility, which was in fact provided for in the speech on Monday in which the economy minister revealed the measures. This is why I think that this is a temporary plan.

If the public reacts with resignation, without outbursts, to this measure, the administration will have a broad opportunity for stability, notwithstanding that it imposed a contractual change and violated property rights. The best move would have been to convert the currency, leaving the measure that was applied as a last recourse, because investment will be a problem now that it has violated property rights, which are the cornerstone of capitalism.

Treasury accounts are no doubt going to creak over the next 7 weeks, although equilibrium is very difficult amid hyperinflation. Inflation had to be cooled in order to make headway in reforming government. The government will have to review everything and move away from the plan in late January if government rates and charges are not adjusted by an average of 30 percent around then. Otherwise, everything that was done will be useless.

The fiscal situation ought to get better. As of May or June the Treasury's operating surplus should be $200 or $250 million a month so that it can also service the Bonex bonds. This means that the Treasury's annual surplus should be between $2.4 and $3 billion. But we should begin to see a trend towards budget surplus in March in order for the plan to work.

Evangelino Gomez, Former Radical Party Official and Currently a Business Consultant: "We Will Have a Severe Recession"

I foresee a severe recession in the near future. A huge amount of money was taken out of circulation, and to make matters worse the Bonex bonds are not transferable, which causes major problems in the production chain. The reason is that the national debt was scaled back by a good 50 percent. The result of the acute recession that was caused will no doubt be dismissals, layoffs, and early vacations. This could undoubtedly lead to an acute social conflict, because at the same time wages have fallen sharply. What we have to determine, then, is whether the social fabric can endure this plan. At least at the outset, 1990 depends on this equation, which is not just economic.

Moreover, we have to see what sort of defensive behavior many adopt in the coming weeks. For example, companies that get australes from sales of their inventories may put them in dollars, and thus the exchange rate could rebound in 2 weeks, endangering the entire plan.

Revenues are another problem. Who is going to pay taxes in a recession? Moreover, with the exception of fuel prices, rates and charges were already lagging by 50 percent in December, when inflation no doubt hit 50 percent, and it could hit 60 in January. Therefore, given this lag in rates and charges and the reverse Tanzi effect, tax revenues will be extremely meager. We also have to consider that in wage negotiations industrialists will respond to every demand for a hike by saying that because of the recession they will have to lay off or fire personnel if the increases they want are too high.

Jorge Bogo, Economist for COPAL [Commission for the Foodstuffs, Beverages, and Related Products Industries] and the Argentine Industrial Union: "Hyperinflation Plus Recession"

Recession is part of this economic plan. We must take into account high inflation in January and February, along with the Treasury's heavy budget deficit. We have to assume that the statistical lag for inflation last month will be no less than 30 percent, and fueling this further is a seasonal fall in the demand for money, but with a supply that is very steady now, plus the expectations arising from the collective-bargaining negotiations in an inflationary climate.

This is why I feel that we will have inflation with recession in January, and along with the monetary problem in payments this will no doubt cause a downturn in sales. This problem will also be reflected in a bigger budget deficit, as less revenue will be collected, but the exchange of time deposits for Bonex complicates matters. Some companies, the tobacco firms for example, keep australes in time deposits to pay their taxes. Thus, the Treasury deficit this month, according to my calculations, will be at least 200 billion australes.

The key is that we are definitely starting the year with hyperinflation plus recession. And since the money supply expanded very sharply in January, there could be capital flight. Many companies will at least not be selling their dollars. They will try to collect in cash and pay over the longest possible periods. Moreover, supermarkets are trying to pay their suppliers in Bonex, which are not being accepted, and thus there may be shortages. To top it all off, owing to the end-of-year news reports they were left virtually without inventory.

It is difficult to talk about 1990. We are on the right track, but these measures are too little too late. They are an attempt to solve problems one at a time, and thus the others wind up getting worse.

Jose Carlos Jaime, Free-Market Economist and Business Consultant: "Inflation Will Hit 70 Percent"

It is still too early to talk about the current plan and the economy in 1990. In any case, I would not be surprised if the dollar eventually settled at around 2,000 australes, which is the level to which prices have adjusted.

As for the immediate consequences of the economic plan, I foresee the recession lasting through the first quarter of the year. The opening up of the economy, with the announced lowering of tariffs, still seems timid to me, although I think that it will induce industrialists to be careful about wage hikes unless they want to lose markets. Paradoxically, in contrast to what many people think, if the economy were opened further, exports would rise, and therefore we would have more reason to expect the different variables to stabilize.

This could unquestionably lead to an increase in general business activity and heavier investment in physical goods, as long as this unfortunate measure, handing out Bonex for most time deposits, does not lead to lending in a third currency, Bonex, or simply to a dollarization of the economy.

So, the worst of the recession will last 30 days, more or less from the middle of this month to the middle of the next. Moreover, there will be no major incentives for sales for a long time, because there is no financial underpinning, and thus the attempt to sell inventories for cash will lead to lower sales.

Another factor will be the fall in buying power, because the price index can hardly be reflected in wages. Given the situation, I do not expect inflation of less than 70 percent this month.

It is not easy to think about 1990 in the long term. Nevertheless, if this economic plan works, we will achieve stability in the second half and may see growth. On the other hand, if it does not work, the economy will become completely dollarized, and there will be monetary chaos with severe social repercussions.

Since Bonex have been handed out in exchange for australes once already, we must take into account that the public could be fearful of future seizures if they place the australes that were given back to them in longer-term accounts. This is a factor to be borne in mind for the future.

Rodolfo Apreda, Peronist Economist and Adviser to the Bank of the Nation: "Time for the Fiscal 'Big Stick'"

If strict fiscal discipline is promoted, along with privatizations and deregulation, the economy could grow appreciably in March or April in spite of the recession. There are several reasons.

One is that the time for private bonds has come, inasmuch as the rates of government bonds have been weak for many months. Therefore, the capital market, through negotiable bonds, may be the only way to finance the private sector. Another factor to be considered is that privatizations, along with relative stability, would cause demand to pick up. We must not forget that the events in Europe and the 1992 single market furnish opportunities that Argentine export firms must take advantage of right now. Another very important factor is that there will be a social and economic pact by March or April, with or without a political addendum, which will assure a planning horizon for business.

The short-run economic outlook is highly recessionary, especially in January and perhaps in February, because of the scale-downs in various sectors, services in particular.

I see two horizons in 1990. Up to March I foresee inflation and high interest rates, although if this plan succeeds, these variables could start falling in mid-February. But I expect very cautious declines, in keeping with decontrol of markets. Wages are unquestionably the lagging variable. After March, with the start-up of the

capital market, the social pact, and relative stability, the variables will trend downwards.

The time for the fiscal "big stick" has come, because otherwise this plan will not work. We must not forget that the current economic situation began developing late last year and will last through January and February, which are traditionally poor months for tax revenues.

Nevertheless, if strict fiscal discipline is applied, if the capital market begins operating, and if a social pact is put together, by December 1990 Argentina may look very much like a serious country.

Chilean President-Elect Aylwin Arrives

PY2702162290 Buenos Aires TELAM in Spanish 1559 GMT 27 Feb 90

[Text] Buenos Aires, 27 Feb (TELAM)—Chilean President-elect Patricio Aylwin arrived in the military section of the Metropolitan Airport at about 1345. Aylwin arrived on the presidential airplane, Tango Two, from Ezeiza International Airport. He was welcomed by Argentine Foreign Minister Domingo Cavallo. Aylwin, who will stay until tomorrow, is expected to meet with President Carlos Menem in Government House at 1800.

Police Break Up International Drug Gang

PY2702200290 Buenos Aires TELAM in Spanish 0031 GMT 24 Feb 90

[Text] Buenos Aires, 24 Feb (TELAM)—Personnel from the 44th Precinct of the Metropolitan Security Superintendency have broken up a gang of seven international drug traffickers.

The investigations, conducted by Police Officer Guillermo Gonzalez, began early this year. The police obtained some documents which led to the arrest of Hector Damonte and Domingo Marchesiano in a local restaurant while they were trying to sell three kg of cocaine.

In simultaneous raids, the police arrested Gustavo Alvarez at 529 Gavilan Street and seized some marijuana. Edgardo Alvarez was arrested at a house at 31 Olmos Street while in possession of one kg of cocaine and 57 doses of LSD. The powerful drug was hidden inside packages of "Batman" stickers.

The police detained Raimundo and Walter Vinegesi and seized a large quantity of marijuana during an operation conduced at 31 Medina Street.

The police also discovered that a Bolivian couple had been sending drugs—especially cocaine—to false addresses of nonexisting firms to the drug traffickers for distribution.

Following a thorough investigation the police arrested the Bolivian couple in a miserable boardinghouse in the Constitucion area. They also seized important documents related to international drug trafficking, a "list of clients," copies of false addresses of clients in Miami, Chile, and Mexico, and computers on which to forge letters. The individuals were identified as Rosa Soreta and Julio Rojas Adarco.

Embalse Nuclear Plant Working, Atucha I Down

PY2702133690 Buenos Aires TELAM in Spanish 2102 GMT 25 Feb 90

[Text] Buenos Aires, 25 Feb (TELAM)—According to the Atomic Energy National Committee (CNEA), the Embalse nuclear power plant in Cordoba is functioning again and supplying energy to the National Interconnected System, following completion of repair work that kept it off line last week.

The CNEA report adds that at 1430 yesterday, when the Embalse plant was connected to the National Interconnected System, the Atucha I nuclear plant was disconnected for inspection and analysis of repairs made in the nucleus of the reactor.

The Atucha I plant went into operation about 45 days ago. To inspect the repairs made, and to implement the programs for the complete normalization of the plant's operation, Atucha I will be off line for about one week. Maintenance and corrective work will also be done.

Brazil

Sarney, Collor Congratulate Nicaragua's Chamorro

PY2802024290 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 27 Feb 90

[Excerpt] President Jose Sarney has sent a telegram to Nicaraguan President-elect Violeta Chamorro congratulating her for her victory. Brazilian President-elect Fernando Collor de Mello has also sent a message congratulating the future Nicaraguan president. Collor de Mello has a scheduled meeting with President Sarney at 1100 on 2 March. [passage omitted]

Border State Drug Trade, Corruption Detailed

PY2702173790 Rio de Janeiro O GLOBO in Portuguese 25 Feb 90 p 8

[Report by Joao Naves de Oliveira]

[Text] Ponta Pora, Mato Grosso do Sul—The traffic of stolen cars and cocaine is leaving a trail of death and human degradation where the Mato Grosso do Sul state borders with Bolivia and Paraguay. Doctors, lawyers, engineers, ranchers, businessmen, women, children, and even members of the civil, military, and federal police are involved in this business in which everyone seeks to make easy profits and in which human dignity receives very little attention.

Ponta Pora is a town that Inspector Roberto Alves, the federal police regional superintendent, regards as a trading post for all the Bolivian cocaine that is destined

for local consumption and for the largest Brazilian urban centers, mainly Rio de Janeiro and Sao Paulo.

There are several drug supply points like that of Antonio dos Santos Neto, who operated a cocaine refinery laboratory and warehouse in his ranch in Sidrolandia. In 1988 the police seized 60 kg of pure cocaine, eight kg of cocaine paste, and six kg of cocaine nitrate from this ranch.

In June 1988, federal police personnel arrested rancher Cambaralamaia de Souza, who owned a cocaine warehouse, in possession of 35 kg of pure cocaine. The drug was hidden in the side panels of 11 new Opala and Monza cars in the yard of his well guarded mansion. The cars were ready to leave for Rio de Janeiro. The rancher is serving an eight-year prison term at the Campo Grande penitentiary. Even from the prison, however, he is causing trouble for the federal police. On 23 February, the federal police discovered that the rancher was still using his mansion as a cocaine warehouse, although this time the drug was not hidden inside luxurious cars but in cans of Primor-brand suet which were shipped by the federal railway as common cargo to Bauru, Sao Paulo. From there the cans were taken in buses to Sao Paulo, Rio de Janeiro, Brasilia, Goias, Espirito Santo, and Parana. It is believed that at least 300 kg of drugs have been sent to those cities since the beginning of 1989.

The rancher may have also been supplying the internal market, helped by two federal police agents who reported to him all the antidrug team operations. They also used federal police cars to deliver the cocaine to the Campo Grande supply points. Six civil police detectives and four federal highway policemen were in charge of clearing the way for the cocaine to reach Cambaralamaia's house in Silvia Regina's neighborhood near the Campo Grande international airport. The federal police have discovered that whenever necessary these detectives murdered the other traffickers to get rid of the evidence.

The traffickers' lawyer and legal consultant was Carlos Oldiney Freire, who was arrested on 16 February while carrying three kg of cocaine he had received from Lamaia's mansion guard Claudomir Franco da Gama, who is at large. On 23 February, Claudomir escaped a police dragnet but left four kg of pure cocaine inside the house. The drug was found in the hands of State Legislative Assembly official Teodonio Luis de Salles and street peddler Lazaro Martins, who were arrested and indicted on drug trafficking charges.

Lawyer Carlos Oldiney reported the gang and federal agents Valdemir Lopez Prazeres and Luis Jose da Conceicao and detectives Paulo Massanhyo and Carlos Angel Serrano Castilesso were arrested.

Cambaralamaia's organization is just one of the many gangs in the region that deals with Bolivian cocaine. Another gang is led by Gerson Palermo, of Umuarama, Parana State, who controls the exchange of cocaine to Paraguay for stolen Brazilian cars. Palermo owns four twin-engined Cessna planes and employs more than 200 men. He also exchanges cars for cocaine in Bolivia. Although sentenced by the Brazilian courts, Palermo lives in Pedro Juan Caballero, Paraguay, where he maintains business contacts with the Bolivian coca producers. Palermo obtains ether and acetone, which are essential for refining the drug, from Argentina.

The federal police believe that the drug might be refined in Mato Grosso do Sul, near some residences in the Dourados and Campo Grande sectors. Palermo exchanges the chemicals for tons of cocaine paste which, in the opinion of regional federal police delegate Francisco Viana Queiroz, is also processed in Paraguay. Viana Queiroz maintains that the drug is refined by a group of traffickers led by Arsenio Benitez Gonzalez, who is known as Vilhar and who lives in Asuncion. The federal police believe that Vilhar—who is believed to be Palermo's partner—is the Brazilian traffickers' main cocaine supplier.

According to the police, two drug routes pass through Mato Grosso do Sul: The Ponta Pora route (which is used by Palermo), and the Corumba route, which passes through the Bolivian town of Puerto Suarez. Many traffickers come to this Bolivian town, most of them small suppliers who only want to exchange cocaine for cars that were stolen in Brazil. According to the authorities, the Corumba route is more important because it channels the so-called "minitraffic." This involves hundreds of people who, together, make up a sizable quantity of drugs every day.

The cars are the hard currency used in these transactions. Most of them are taken to Bolivia after having been stolen in Sao Paulo. They follow the same route as the Bolivian cocaine, that is, via Puerto Suarez. The most important part of the trafficking, however, is carried out in Paraguay and Bolivia. Gerson Palermo is responsible for part of it, while the rest is shared by hundreds of Bolivian traffickers. Palermo obtains ether and acetone from Formosa, Argentina. He takes these chemicals aboard small planes to the towns of Pilar or Encarnacion, in Paraguay. From there, another group takes the 200-liter drums along the Chaco highway to Puerto Guarani, in Bolivia. Bolivian traffickers take care of the rest of the journey to Santa Cruz de la Sierra. In return, Palermo receives cocaine paste which is shipped to Asuncion and, from there, to Pedro Juan Caballero for distribution to the processing units. It is believed that the traffickers use some ranches near Porto Murtinho (Mato Grosso de Sul), near the Paraguayan town of Bahia Negra, to process large quantities of cocaine.

No cocaine paste is usually available along the Corumba route. The drug is refined because it is relatively easy to find ether and acetone in Corumba, where the federal police have failed to reduce the large demand for such chemicals in retail stores. Dozens of drugstores sell those products by the liter, and this is not forbidden by law.

The authorities estimate that production in the Puerto Suarez region nears 300 kg per week, which is transported by railroad, air, and land. In an attempt to evade the federal police, traffickers have tried to transport the drug inside their bodies, in wine demijohns, and even in children's diapers. These traffickers generally travel by bus or by train. Over the past six months the police have caught dozens of traffickers using these methods. Now, however, only with the complicity of the police can cars carrying Bolivian cocaine produced in the Puerto Suarez region reach Campo Grande.

* General Lines of Macroeconomic Plan Revealed

90ET0119A Sao Paulo GAZETA MERCANTIL in Portuguese 3-5 Feb 90 p 6

[Article by Arnolfo Carvalho]

[Text] Brasilia—The plan of adjustment that economist Zelia Cardoso de Mello's team is completing and which they hope will knock inflation down to about 10 percent by mid-year is based on a fiscal shock—one that would attempt in the coming months to abolish a public deficit preliminarily estimated at between 5 and 7 percent of Gross Domestic Product (GDP)—followed by an attempt at a pact between business and labor, aimed at gradually de-indexing the economy and tying prices and wages to expected future inflation rates.

The general lines of the macroeconomic plan, as confirmed to this newspaper by more than one economist from the incoming administration's transition team, reveal an option for a strategy of gradualism that would not, initially involve a freeze. It relies on the credibility that president-elect Fernando Collor de Mello enjoys, in order to get Congress to approve a "one-shot" attack consisting of spending cuts and tax increases. This is the trump card which the administration would use to wring an agreement out of unions and companies, under the penalty of a recessionary "hardening."

The dimensions of the fiscal adjustment to be proposed to the legislature during the early hours of the new government still depend on certain final decisions, especially on a quantification of the net financing needs of the public sector (the public deficit) as recorded in 1989 and projected in the 1990 budgets. The Planning Secretariat (Seplan) hopes to have these figures by the time Collor de Mello returns to Brazil on the 12th.

The transition team has already been told by the Federal Revenue Secretariat (SRF) that about 50 percent of revenue collections come from taxes and levies that could be increased immediately without conflicting with the constitutional limit on increases in income tax taking effect in the year they are passed. This means that quick results could be achieved if Congress approves proposals to change tax rates, cut back on exemptions, expand the tax base and—perhaps—create new levies to impose on the sectors that have the most liquidity.

This increase in the tax burden—mainly affecting income other than wages—would not only help to bring the Treasury's revenues and expenditures into balance, but also make it easier for Congress to vote in favor of the fiscal package and, later, get labor and management to accept changes in wage policy within a pact that puts the least possible emphasis on preventive mechanisms intended to restore real losses during the initial phase of the plan.

The "one-shot" approach mentioned by the president-elect during his foreign trip, according to economists who have experience with previous "shocks," was intended, essentially, to curb, in a matter of weeks, the need for private financing of the public sector by holding down demand on the government side and making it feasible to "close the window of liquidity" used by the Central Bank and Treasury to create money to cover the fiscal deficit by issuing bonds, followed by refinancing by the monetary authority.

The government's contribution, as in earlier attempts to forge a pact, will be made viable this time by political support that future Minister of Justice Bernardo Cabral has been putting together. Along with the proposals for increasing the tax burden, measures will immediately be sent to Congress that would accelerate privatization of state-owned enterprises, close down agencies and companies that are running at a deficit, lay off civil servants, and suspend nonessential expenditures.

Containment of aggregate demand on the government-spending side and the increase in the tax load are, according to our sources, fundamentally important for controlling the excess liquidity which results from the policy of the daily financing of bonds that the government is forced to sell on the market to cover its deficit. Eliminating this need is also vital in order to be in a position to bring about a potential recession, something which the present administration did not achieve with the Summer Plan because Congress did not approve the fiscal adjustment.

To that end, tax instruments must be activated. Economists are even considering such alternatives as possibly taking advantage of the constitutional authority to create compulsory loans—and, principally, the combination of fiscal austerity and heavy pressure through monetary policy, starting by closing the "window of liquidity." This is the classic mechanism, to be used as the "persuader" toward a pact that would provide for de-indexation, if there is a national agreement.

"There is no alternative," one of Zelia Cardoso de Mello's closest associates told this newspaper, in referring to the term "forward-looking" that has gained notoriety in recent days. The idea came from former minister Mario Henrique Simonsen during the ill-fated 1988 attempt to forge a pact on the indices, thus picking up the thread of an experiment he conducted during the

Geisel administration, when he came up with an indexation formula that combined both past and projected future rates of inflation.

"In order to adopt the 'forward-looking' approach you must first of all have credibility; otherwise you'll see a capital flight toward real assets and speculation," one of the ministers of the current administration argues. In his mind, it is precisely that initial credibility, backed by almost 35 million votes that is Collor de Mello's greatest handicap. If that precondition is present, then in his opinion a freeze would be completely unnecessary.

"The concept of a price and wage freeze has been exhausted by an absence of credibility, by the defense mechanisms devised by the economic agents and, especially, by the risk of having this enormous blister of liquidity that's out there to burst over our heads, ready to be converted into unrestrained consumption just as happened in the Cruzado Plan," another member of the president-elect's top economist's team told us.

Under the unwritten theory of how to fight chronic inflation in the Third World, according to one of the top economic advisors who participated in the recent attempts to bring about a "shock," there is, strictly speaking, no substantial difference between adopting a wage and price freeze, on the one hand, and opting for gradual de-indexation via a pact and pre-set indices. With the freeze, you get an abrupt de-indexation imposed by the government, but there are greater risks of a relapse shortly thereafter via the restitution of losses and the revival of expectations.

Opting for the freeze, according to those specialists, would require a much more far-reaching fiscal shock. Instead of just eliminating the operating deficit (which excludes computation of an indexation on the public sector's financing needs), for example, it would be necessary to plan for both a spending cut and a much bigger revenue increase, sufficient to generate a fiscal surplus able to serve as a buffer during the most dangerous phase, i.e., emerging from the freeze.

The less risky alternative for a neophyte administration that wants to adhere to the general outlines of its campaign promises—protection of low-income groups and a commitment to resumption of economic growth—would, then, be gradual de-indexation. Under present circumstances, this is something that can only achieved in an accord between capital, labor, and the public sector. "The greatest obstacle we face in that regard is the chaos in the price structure," confesses a high-ranking economic advisor to the future government.

Zelia Cardoso de Mello's team acknowledges that current Minister of the Treasury Mailson Ferreira da Nobrega is making an "important contribution" by adjusting public sector prices to correct the distortions in the fee structure—besides "holding the fort in a very difficult period." The problem is that Mailson da Nobrega and his colleague, Planning Minister Joao Batista de Abreu, are using in their reconciliation of the fee structure an exchange rate that is also out of sync, one that requires a maxidevaluation after 15 March.

Having opted for the gradualist approach—especially because the president-elect insisted that the workers be guaranteed that there would be no futile sacrifices and that no change in wage policy would be made right off the bat without consulting the union leaders who supported him—the next economic team will have to bear the additional costs of some realignment of relative prices before going ahead with the proposal that is central to the second phase, i.e., de-indexation, agreed upon in a pact, and employing the "forward-looking" approach.

After the cash deficit has been eliminated by the first shot, the government would resume control over monetary policy, making it once again a tool to be actively used in controlling liquidity via traditional open-market operations (purchase and sale of bonds only to regulate the money supply, no longer to finance the Treasury). Once the "window of liquidity" has been closed, the drop in public sector demand that would result from the fiscal shock would leave companies no choice: either they go to the Central Bank to exchange the bonds (financial investments) they are holding for cash, or else they start shedding real assets, thereby contributing to the decline in prices owing to the increase in supply.

"When they come to the Central Bank teller windows to exchange their bonds for money they'll find out that the government is ready to pay real interest rates that are truly high, in light of an inflation rate that is already falling. Those rates levels will certainly discourage the companies from consummating the swap," one specialist in macroeconomics predicted. Paying high real-interest rates means additional expense for the public sector, but this should be covered by coming down harder on private savings via taxes, thus aggravating the drop in demand.

If companies and unions had agreed to readjust prices and wages on the basis of future declining rates of inflation, fine—the cycle would complete itself normally, since at a lower level of aggregate demand (the consequence of public-spending cuts and tax increases), the reduced volume of money circulating in the economy would be enough to meet payrolls that are also lower, in real terms, because the indices were fixed in advance at decreasing levels.

If they can pay lower wages and be content with smaller profit margins on their sales, companies would become accustomed to a liquidity level in the economy that is also lower—and so inflation would decline gradually and may even approach the 10 percent which Collor de Mello's team has said it would attain by midyear. The new point of equilibrium in the product and money markets would establish itself without sharply compromising production and employment. "You could say

that this way there would be no recession," these technicians predict, while noting that everything depends on winning the initial support of Congress.

Otherwise, as one would initially believe likely, business and the unions will find themselves literally threatened by the trump card played by the economic team when the fiscal shock is approved by the legislature. "Once you've pulled the trigger, you can't get the bullet back into the chamber, unless the Central Bank goes crazy and decides to sanction hyperinflation by reducing real interest rates," they explain. This is where an independent monetary authority comes in, tuned to the austere monetary policy by the plans developed by Zelia Cardoso de Mello's team.

In the event that it proves impossible to work out a pact, owing to the intransigence of the union federations, or because businessmen start raising prices above the preset level of inflation projected for the coming month—and if the government still resists the temptation to impose sudden de-indexation without consultation, via a freeze—the future team's negotiators made it clear the specter of recession, unemployment, and falling profits would loom over all economic agents, demonstrating this with a new squeeze via the fine-tuning mechanisms.

"If the workers don't accept a smaller wage adjustment the next month, thus agreeing to absorb some degree of real loss in relation to what they would be entitled to on the basis of past inflation, and if the businessmen won't accept a loss in their profit margins by taking smaller and smaller price increases, both parties will be notified that the real interest rate will be even higher and that we're no longer talking about a monetary illusion," say economic analysts who are involved in the bridge between the administration and the transition team.

In that case, when they go to "exchange" their bonds (financial investments) for money in order to have enough cash to maintain the same volume of transactions as they experienced previously and to pay wages on the basis of the high inflation of the past, business will discover that, in the face of the even higher remuneration offered by the Central Bank on Treasury paper, it would be better to reduce the volume of their business and dismiss employees, increasing idle capacity and, consequently, also reducing aggregate demand in the economy.

With reduced demand from the government because of the fiscal shock, and with the reduction in the real volume of money (which will have shrunk because of the closing of the "window of liquidity"), recession will set in so as to leave no margin for sustaining prices and the economic adjustment plan will have achieved the same objective which it had sought to reach through a less recessionary solution at the bargaining table, or the objective as it would have reached anyway if nothing had been done but to await the action of the natural corrosion accomplished by the hyperinflation which it tried to halt.

Chile

Ties With East Europe To Resume 11 Mar

PY2702125890 Santiago Domestic Service in Spanish 0930 GMT 27 Feb 90

[Text] Former Chilean presidential candidates Hernan Bucci and Francisco Javier Errazuriz and 20-25 foreign presidents and vice presidents have been invited to the presidential inauguration on 11 March. This information was disclosed by Carlos Klammer, protocol director-designate, after a meeting with President-elect Patricio Aylwin at his private office on the corner of Amapolas and Diego de Almagro Streets, Providencia District.

Klammer also disclosed that on 11 March 1990 Chile will resume diplomatic relations with five East European countries: Czechoslovakia, Yugoslavia, East Germany, the Soviet Union, and Poland. He said relations with Cuba will be reviewed later.

Klammer added that a high-ranking leader of the USSR's Supreme Soviet and the vice presidents of the Polish and Czechoslovakian senates, as well as other high ranking foreign authorities, will attend the ceremony.

Four Arrested in Demonstration Against Pinochet

PY2702220890 Santiago Radio Chilena Network in Spanish 1600 GMT 27 Feb 90

[Report by Eliana Henriquez from Temuco]

[Excerpts] President Augusto Pinochet is here presiding over what will probably be the military government's last Cabinet meeting. The meeting is being held at the intendants office in the Ninth Region. [passage omitted]

It should also be noted that four people, including a photographer who was injured, were arrested during demonstrations against President Pinochet's visit to the city.

The incident took place at noon at the Temuco Plaza de Armas when an opposition group displayed a banner outside the cathedral.

According to some eyewitnesses, the Carabineros dislodged the demonstrators and arrested a few people.

Later, outside the intendant's office where President Pinochet is presiding over the cabinet meeting, an incident took place between police forces and a group of people headed by designated Mayor Camilo Salvo, who was trying to mediate in favor of the detainees.

Eyewitnesses reported that LA TERCERA photographer Jose Monsalvez was taking pictures of the incidents when he was beaten and arrested by the Carabineros. Roberto Preysler, the leader of a housing project commission, was also arrested.

A strong explosion was heard at 1220. Security sources have said that it was a noise bomb. There have been no reports of property damage or casualties as a result of this explosion.

It is appropriate to mention that at 0730 this morning, an electric tower on the corner of Galvarino and Lautaro Streets was knocked down. This caused a cut in the electricity supply.

A last-minute report states that LA TERCERA photographer Jose Monsalvez, who was arrested by the Carabineros, has been freed.

Mirtha Dubost Elected Mayor of Iquique

PY2702131290 Santiago LA TERCERA DE LA HORA in Spanish 20 Feb 90 p 9

[Reprot by Dora Chipoco Jorquera]

[Excerpt] The Regional Development Council (Corede) elected Mirtha Dubost Jimenez as mayor of Iquique during a special session at Tarapaca City Hall yesterday morning.

Dubost Jimenez was elected from a list of three candidates submitted by the Iquique Codeco [Community Development Council]. She obtained 22 votes while Pablo Dabud, president of the local Chamber of Commerce received one vote. The other person on the list, Domingo Marquez, did not receive any votes from COREDE members. [passage omitted]

PCCh Dissident Surveys Party's Internal Crisis

PY2802004290 Santiago EL MERCURIO in Spanish 22 Feb 90 p C4

[Text] Patricio Hales, militant of the Communist Party of Chile [PCCh], who has criticized the official political line followed by his party, yesterday stated that the new grouping of former PCCh members is another symptom of the internal crisis affecting the leftist party.

Hales also said that he was surprised by what he called "a complete change in the speeches" of high-ranking PCCh leaders. That change, he stated, helps to increase the confusion at the grassroots level.

The former PCCh spokesman added that "in view of the the changes taking place in the socialist world and the defeat of our various political lines in Chile, we must preserve credibility in our speeches, and for that I think that the open public debate that some of us have adopted represents a revolutionary contribution, upholding the thesis that the truth is always revolutionary."

Hales agreed with the PCCh decision to become legal, stating that it will create useful space for the party's political action.

Hales pointed out that the PCCh leadership headed by Volodia Teitelboim had not accepted his proposal to hold a special congress to discuss a change of course, but rather chose to hold a meeting—a body with less decisionmaking power than a congress—to evaluate the party's guidelines.

He pointed out that "the important thing is that the crisis I had predicted for our party is currently confirmed, and as long as the necessary democratic discussion is not held, the problems causing this crisis will continue."

Among the new signs of the crisis, Hales mentioned the decision of a group of communist militants and former militants to form a new line because, they stated, they had failed in their attempt to change the PCCh line when the leadership blocked every path.

Hales said: "I was invited to join those comrades, but I chose to continue as a PCCh militant and continue to cooperate from within my cell, which is the working post assigned to me by the leadership, so that the PCCh may regain its historic capability of guiding the masses."

In Hales opinion, another sign of the internal crisis is "the disconcerting changes noted since mid-January in the speeches of high-ranking leaders, changes that have evidently increased the confusion among our people."

He also noted that another sign of confusion has been the harsh criticism of those who have demanded a greater democratic debate by some members of the PCCh leadership.

Patricio Hales stated: "I have great hope in the party grass roots and have begun public debate through the media. That debate has strengthened the party because it has helped to develop partisan discussions and has encouraged the democratic demands."

Hales said: "Another sign of the crisis that accompanies this tendency is the great number of militants who, without organizing themselves, have disappointedly abandoned their partisan tasks and today exercise a silent and inactive militancy."

"The leaders who rule out democratic debate do not seem worried about this sector because it is formed by militants who make no statements," said the dissident communist.

In Hales opinion, these people "are very valuable, and the country is losing their organized political contribution. I am not only concerned about those who have already abandoned the party but, above all, about the sector that is currently voluntarily leaving the party despite its great unselfishness, courage, and contribution to the democratic struggle."

Hales said: "In view of this situation, all that we need is 'more democracy within the country and more democracy within the party,' which is the only way to reorganize the leftist sector."

Finally, Hales said that he agreed with the PCCh decision to register legally in the near future and explained

that "the communists must constantly take advantage of the space that may open in order to reach the people in the best way possible."

He ended by stating: "Personally, I believe that the legalization is a space that must be used and that will be useful."

Former PRSD President Cancels Party Membership

PY2702144890 Santiago EL MERCURIO in Spanish 23 Feb 90 p C-4

[Text] Anibal Palma, a former Democratic Socialist Radical Party [PRSD] president who canceled his party membership on 18 February, yesterday said the reasons that caused a division in the party in May 1987 "have not disappeared and have worsened."

During a press conference, Palma was repeatedly questioned on the reasons for his decision. His answers though, were laconic.

He said he outlined his reasons for discontinuing his 37-year old association with the Radical sector at a party national meeting last week, and that he would make no more public statements on the subject.

"I am not engaged in a controversy and I will not level charges or disqualify anyone," he said.

Concerning the PRSD decision to seek an accord with the Radical Party and with the Social Democratic Party, he said: "It was a realistic, legitimate action backed by a significant majority which I hope succeeds. However, I said I do not agree with that."

During the debates within his former party, Palma maintained that the creation of a radical coordinating board would make the PRSD shift toward the political center under Christian Democratic Party control. As an alternative, he proposed a socialist federation with the PS [Socialist Party], the Humanist Party, and the Christian Leftist Party.

Asked about reports that in the next few days he will join the PS, he stressed that "my decision was neither based on nor influenced by any commitment or negotiation whatsoever."

He added that he has not requested any appointment to a public position in the next administration and that he does not expect any appointment either.

Palma, however, reiterated his position that the reasons that caused a division in the Radical Party and the creation of the PRSD in 1987 have not yet disappeared.

He said: "Parties do not split out of whim, internal confrontation, or personal matters. There were sound reasons for the creation of the PRSD. Such reasons developed through a long process of internal debate."

He stressed that such reasons have not yet disappeared and that, on the contrary, some of them have worsened.

Palma said he hopes the Radicals achieve reunification because this will strengthen democracy. "The objectives can be shared, while the procedures and the feasibility of the solutions can be negotiated," he added.

Terrorists Hit Power Facilities, Cause Blackouts

PY2702214490 Santiago Radio Chilena Network in Spanish 1600 GMT 27 Feb 90

[Excerpt] A terrorist attack on the ENDESA [National Electric Power, Inc.] installations in the northern sector of Temuco took place today at 0720. It caused a power outage of between 12 and 15 minutes in the town, but in the mountain and coastal regions the outage was longer.

The electricity supply system in Temuco was normalized a little after 0730; however, the coastal power line that feeds Labranza, Imperial, Carague, Puerto Saavedra, Theodore Smith, and the mountain region will not be repaired until this afternoon. [passage omitted]

Police Station Attacked, Carabinero Injured

PY2702212490 Santiago Television Nacional de Chile Network in Spanish 1700 GMT 27 Feb 90

[Text] One Carabinero was seriously injured during an attack on the OS7 Drug and Narcotics Control Office in the town of Concepcion. The Carabinero suffered two bullet wounds.

The attack took place at 0930 as two Carabinero officers were getting into a jeep that was parked outside their office, which is located on the first floor of a building on the corner of Manuel Rodriguez and Anibal Pinto Streets.

The shots, apparently fired by three individuals, came from a taxi which rushed by firing away at the building and the vehicle. The two Carabineros returned the fire but the attackers escaped.

One of the officers was seriously injured during the attack. He was identified as Second Corporal Manuel Bascur Osses. Corporal Juan Rivas escaped uninjured. The vehicle's windshield and tires were damaged during the attack. The OS7 office was also damaged during the attack.

Concepcion Carabineros Colonel Jaime Espinoza, repudiating the attack, said that this was the second attack on the same unit; the other attack occurred in July. He also reported that the taxi was found a few hours later in Talcahuano. It had previously been stolen from its driver in Concepcion. Corporal Bascur was taken to the Talcahuano Naval Hospital after receiving treatment at the Regional Hospital in Concepcion. Sources said he is out of immediate danger.

The police are looking for those responsible for the attack.

Colombia

Government Creates National Drug Director Post

PA2802015390 Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 28 Feb 90

[Text] Tonight, the Barco administration issued a new state of siege decree within the plan to fight drug trafficking. The National Drug Directorate [Direccion Nacional de Estupefacientes] was established. Among many other duties, it is tasked with determining what to do with property and goods seized from the mafia.

Therefore, we will have a national drug director who will be appointed by the president. This person will be a true antidrug czar much like the United States' Drug Enforcement Administration director.

Police Arrest Drug Trafficker Sought by U.S.

PA2802020090 Madrid EFE in Spanish 0003 GMT 28 Feb 90

[Text] Bogota, 27 Feb (EFE) — Official sources reported that the Colombian police have arrested suspected drug trafficker Jorge Alirio Ortiz Ibanez, whose extradition has been requested by the United States.

Ortiz Ibanez was detained today in Ibague, capital of Tolima Department, 160 km southwest of Bogota, by Administrative Department of Security (DAS) agents.

DAS sources reported that Ortiz Ibanez will have to face charges before a Washington court, where he has been charged with drug trafficking. The DAS did not report to which cartel Ortiz Ibanez belongs. He was transferred to Bogota today, where the authorities are waiting for the formal extradition request that will be filed by the U.S. Embassy in Bogota.

Since 18 August 1989, when the Virgilio Barco Government declared war on the drug trafficking mafias, 21 Extraditables have been detained. Fourteen of them have already been sent to the United States.

On 26 February, the narcotics police arrested Medellin Cartel member Manuel Antonio Garces Gonzalez in Santa Elena, Antioquia Department, 250 km northwest of Bogota.

The extradition of mafia members to the United States and the confiscation of drug traffickers' property were reinstated as part of President Barco's measures to repress drug trafficking.

Two UP Councilmen, Liberal Party Judge Murdered

PA2702143590 Paris AFP in Spanish 1322 GMT 27 Feb 90

[Text] Bogota, 17 Feb (AFP)—The secretary of the UP [Patriotic Union] reported today that two of its leaders, councilmen Diovanni Lasso and Edwin Cardona, were killed within the past 24 hours.

Lasso, an alternate councilman, was killed in his home in El Bordo municpality in southern Cauca. According to the UP, Lasso was shot in the head while making a telephone call.

Meanwhile, Cardona, who was also a UP councilman, died on 26 February of bullet wounds received during an attack in Armenia, 300 km west of Bogota.

Police said that Judge Ramon Sanchez Prada, candidate for deputy to the Quindio Provinical Assembly, was shot last night after Cardona's funeral. Sanchez Prada, a Liberal leader in Armenia, was shot while he was with his wife, who was wounded. She was taken to a hospital.

Government Accused of Complicity in Murders

PA2802023790 Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 28 Feb 90

[Passages within quotation marks recorded]

[Text] [Unidentified reporter] The Patriotic Union [UP] today accused the Barco administration of complicity and negligence in the murder of members of this political group. There have been 67 deaths of UP members in the first 57 days of this year. Following a special meeting, the UP announced that it no longer wishes to hold talks with the military and the government, because it is tired of waiting for results.

[UP President Diego Montana] "We have arrived at the conclusion that the paramilitary is the military and that the military is the government. Therefore, we want nothing more to do with them."

[Reporter] They want the defense minister to step down and be replaced by a civilian, and they accused Generals Harold Bedoya, Gil Colorado, and Rodolfo Clavijo of being closely involved in the murder of UP members.

[UP presidential candidate Bernardo Jaramillo] "The Attorney General's Office has investigated Gen. Harold Bedoya, because 300 UP members were killed in Meta Department and the national territories during his one and one-half year tenure."

[Repoerter] They announced the UP's decision to withdraw from the Electoral Guarantees Tribunal because they believe that the government protects only one party, that is, the Liberal Party, and because there is no possibility of waging a civilian opposition.

[Montana] "We believe that the guarantees and this tribunal are part of a farce."

[Reporter] They believe that the government aims to eliminate the UP as a political party and suspend elections in areas under its influence.

[Jaramillo] "They are no longer even trying to camouflage their actions with paramilitary men. The soldiers themselves are taking away the peasants' identity cards."

[Reporter] The UP also decided not to support the peace agreement reached with the M-19 [19 April Movement], because they believe that there is no peace in Colombia.

[Montana] "The government is using the M-19's determination to achieve peace to eliminate the UP from the political arena."

[Reporter] They claimed that DAS [Administrative Department of Security] agents who were protecting the Apartado mayor were the only ones who knew the route that she would follow. They complained that the DAS has denied protection to UP presidential candidate Bernardo Jaramillo on his trips to Antioquia. They also asked UP militants to maintain a state of alert until further notice.

* Pardo on Terrorism, Dialogue With M-19

90ET0103C Bogota SEMANA in Spanish
16 Jan 90 p 26

[Interview with presidential adviser on insurgency issues Rafael Pardo by indentified reporter; date and place not given]

[Text] [SEMANA] Military intelligence services assert that the FARC [Revolutionary Armed Forces of Colombia] are engaged in an offensive to recapture the Magdalena Medio. What does the administration know about this?

[Pardo] The administration is aware that the FARC have a plan for an offensive, which they have not called off in spite of the peace overtures they have made, and that the Magdalena Medio is part of this plan.

[SEMANA] But one of the conditions in President Barco's peace initiative for a dialogue with a guerrilla group was precisely that it had to demonstrate with actions its desire for peace. Why then is the administration still talking with the FARC?

[Pardo] As of this week the administration has had an initial conversation with the FARC on a specific issue, which was the proposal that they have just submitted. We will have to evaluate both the proposal that they made and the subversive activities of the FARC in order to see whether the dialogue with that organization ought to continue.

[SEMANA] But don't you think that the actions that they have taken so far are enough to suspend the dialogue with them?

[Pardo] I think that they have to be evaluated. I can't say until then. There has been a decline in FARC activity compared to last year. In any event, though, there is subversive activity, kidnapings, and actions against the police and the civilian population, and this will necessarily have to stop in order for this process to continue.

[SEMANA] During these talks the FARC submitted to you a blueprint with conditions for a dialogue. What does the administration think of this blueprint so far?

[Pardo] We are going to give ourselves some time to assess this proposal. What is important to note is that the administration sees it as a proposal from a guerrilla group. And a proposal from the guerrillas has to be gauged in terms of whether or not it involves its future as a guerrilla group.

[SEMANA] But how much sense does it make to keep on starting dialogues in search of processes with other guerrilla groups if you run the risk of reaching the same dead end as with the M-19?

[Pardo] Yes, this is a very important point. The M-19 moved ahead with its process right after the administration put forth its peace initiative. In other words, there was a plan to talk about demobilization and an opportunity to discuss issues of interest to the guerrillas with a possibility of seeing this through. The constitutional reform offered that opportunity at the time. When the reform was shelved, we lost our chance to hold these talks and implement their conclusions through a constitutional reform.

[SEMANA] Does this mean, in a way, that right now the administration no longer has the tools that it once did for negotiating a peace with any guerrilla group?

[Pardo] I don't think it's the administration. I think that without a possibility of institutional change or with relative institutional stagnation it is hard to tell someone: "Let's talk and see whether we come to any conclusions, and if we do draw conclusions, we'll implement them." If these conclusions have to do with changes in the constitution, then that opportunity has been closed off today or at least postponed. If they have to do with other elements that are within the reach of Executive Branch, the Legislative Branch, or various other segments of society, then conclusions can be drawn.

[SEMANA] This gives one the impression that the administration did everything it had to within the peace process but got left on its own and thus did not get the results that it should have.

[Pardo] What happened was that an unexpected development that was blown completely out of proportion, the introduction of the extradition issue into the referendum that was supposed to be held on 21 January, scuttled the possibility of institutional change. This led the administration and Congress not to move ahead with the constitutional reform, because of time problems. But it was not for lack of a desire for peace.

[SEMANA] Right now, as things stand, what future do you see for the accord with the M-19?

[Pardo] The goal that we have set for ourselves this month is to hammer out with the representatives who signed the pact several arrangements that will enable us

to implement or compensate for what was lost when the reform was not approved. But right now we have no definite conclusion in this regard.

[SEMANA] Given the escalation of guerrilla activities, what do you plan to do?

[Pardo] The escalation is mainly by the ELN [Army of National Liberation]. It has to do with a purpose that they have announced publicly, which is to affect the electoral process. The administration and law enforcement have an obligation to preserve electoral guarantees in all areas of the country, and they are fulfilling it.

[SEMANA] And do you think that under current circumstances it is worthwhile to continue engaging in peace processes in Colombia?

[Pardo] The future of the guerrillas in Colombia is a future in decline. Right now there is no objective justification, either political, economic, or social, for the existence of guerrilla groups. What exists now is a holdover from the past. Their choices in the future are either to be broken up by government or law-enforcement action or because of simple loss of equipment, or to seek incorporation through negotiations with the administration.

* Barco Shows Cautious Optimism Toward Events

90ET0101B Bogota SEMANA in Spanish
23 Jan 90 pp 28-31

[Text] Expectations had changed. The country was now psychologically prepared for the great news—the capture, extradition, or death of Pablo Escobar Gaviria. Every day following the death of "El Mexicano" passed like a countdown working to the benefit of the government and against the head of the Medellin Cartel. Military sources and the state security bodies encouraged the hope: "We have him surrounded...he is desperate...he no longer trusts anyone"—these were the reiterated phrases.

Therefore there was major surprise when the radio networks awakened the citizens of Colombia on Monday, the 15th, with a reading of the appeal addressed by "the notables" to "the extraditables," urging them to stop the kidnapping and the illegal dealing in hallucinogenic drugs in exchange for a certain "benevolence" on the part of society.

If the first reaction was surprise, what followed was total confusion. No one understood, in the first hours of that Monday, that the strongest supporters of the establishment were apparently asking to negotiate, at a time when the Mafia chieftains had supposedly been surrounded and their criminal and financial apparatus dismantled.

The government kept silent. The political leaders, harassed by the press, rapidly resolved the difficulty with one clear-cut concept—anything which serves to establish peace in the country is good. And in the midday gatherings of the executive class, there began to be talk of a state surrender through "the notables"—former presidents Alfonso Lopez Michelsen, Julio Cesar Turbay Ayala, and Misael Pastrana Borrero; the president of the Patriotic Union (UP), Diego Montana Cuellar; and Cardinal Mario Revollo Bravo.

In reality, the Statement of the Notables was nothing but a brief compendium of universal principles of the law with which no one, under normal conditions, could disagree. They included condemnation of the worst forms of terrorism, support of the government in its struggle against crime, recognition of the sovereignty of the state, an appeal for peace—all concepts beyond challenge. However, there were some points which were indeed debatable: "...recognizing the urgency of avoiding greater pain to their own families," "society would look on such a gesture with benevolence..." and "would deem them worthy of less rigorous treatment." As the day wore on and the text was read again and again over radio and television, these phrases took on more and more of the flavor of submission, or at least, incipient negotiation.

On that day, the only one of the signatories who put forth any defense was the president of the UP, who explained that the statement was "an appeal to the social and human side of 'the extraditables' and kidnappers." A fruitless effort. On Tuesday, the national press reported the suspicion that the Statement of the Notables had originated in the office of the secretary general of the Presidency, German Montoya, as a result of the understandable desire to save the life of his son, one of those kidnapped by "the extraditables."

As if this were not enough, the mistrust was intensified by the bold statement made by General Harold Bedoya, the commander of the Fourth Brigade, which is headquartered in Medellin. His words had all the characteristics of a revelation. "The document," he told Caracol, "had previously been seen by the Mafia bosses. One of 'the notables' had made contact with the leading lieutenants of Pablo Escobar and Luis Ochoa, through a lawyer named Guido Parra, so that they would know what was going to be presented to the public."

And there was more. Bedoya said he was certain that "they are drafting a document which will also be submitted for study through this same lawyer."

Solidarity and Discretion

General Bedoya's statement not only created further puzzlement among the citizens, but complicated the life of Misael Pastrana Borrero, as well. The former president, who faced particular difficulties because of his position as head of the opposition party, explained that he was not a signatory of the document, but supported it. In reality, Pastrana had not read the text. He had only learned of its purposes by means of two unclear telephone communications he had had with former president Lopez Michelsen, one while he was in Costa Rica, and the other while he was in San Andres. Moreover, Pastrana had asked that the publication of the statement be delayed until he returned to the country, but faced

with the argument that this was a matter of the greatest urgency, he concluded that this was a gesture of the noblest humanitarian sort and offered his support on a personal basis, without committing the Social Conservative Party.

To a greater or lesser degree, General Bedoya's charges affected the other signatories, insofar as it represented them as intermediaries in a negotiation process, or at the very least, easy victims of a new Mafia blackmail effort. However, they stood together and prudently waited out the downpour.

Late on Tuesday, other crosswinds began to rarify the atmosphere. The authorities said that a car bomb containing 500 kg of dynamite had been found north of Bogota, and they exhibited it to journalists, expressing the certainty that it was to have been used in an attack on former president Belisario Betancur, or Generals Miguel Antonio Gomez Padilla and Miguel Maza Marquez, the directors of the National Police and the DAS [Administrative Department of Security], respectively.

Native suspicions spread as rapidly as the official reports, and many saw the probable target of the bomb as the Statement of the Notables, rather than any individual. Whether true or designed for propaganda purposes, the car-bomb report had a strange ring to it, and it dropped rapidly from view amidst the contradictions which also proliferated that same Tuesday.

In fact, Minister of Government Carlos Lemos Simmonds, who by means of nimble comments, was resisting the national pressure for the government to make a statement, said at the end of a National Security Council meeting that the state could not be held hostage by the drug traffickers.

Political observers interpreted the minister's firm position to mean rejection of the appeal for benevolence and less rigor in dealing with the drug barons. But a few hours later, they learned that President Virgilio Barco seemed to be denying this. Speaking to newsmen at the ceremony at which Rene Higuita was being named athlete of the year, the chief executive said that nothing is irreversible. Then, with a little smile he made a spontaneous comment. "Tomorrow will come and we shall see...."

In fact, dawn came on Wednesday very early. At 4:00 am, two hooded men entered a carpeted room on an estate located an hour and a half away from Medellin, and without very much difficulty, awakened the two women sleeping there. They were Patricia Echavarria and her daughter Diana, who had been kidnapped by the Medellin Cartel on 17 December, 2 days after the death of "El Mexicano."

The small window in the room was covered, as it always was, by a curtain, and everything was dark. Things happened very quickly. They gave the women a package with mimeographed sheets and instructions to publicize them. One of the men gave Patricia a pillow and a package of cosmetics, while Diana, certain now that she was on the threshold of the outcome to her drama, picked up the book she was reading, a gift from her captors—"Battle Cry," by Leon Uris.

The two women were carefully helped into the back of a Luv truck, and were locked in. Then the vehicle started off, without haste.

Using the ammunition Gen Bedoya had supplied, the editorials in the press were also putting forth their message at that early morning hour. EL TIEMPO voiced its displeasure with "those who believe in the possible good faith of those whose thinking has been infected by vice, murder, and the bloodiest kind of terrorism." EL ESPECTADOR expressed the view that there was an "erroneous and ambiguous belief that peace can be achieved on the basis of humanitarian treatment for the most dangerous enemies of mankind."

Beyond the strong grandiloquence of the commentators, the people in the streets saw something coming. In political circles there was a presentiment, and in general, the country was ready for a response.

However, what developed exceeded all expectations. Once again, at breakfast time, and barely 48 hours after the publication of the Statement of the Notables, the people of Colombia received a shock—there was a response from "the extraditables."

The light Luv truck parked in front of a shop—one located, significantly, in the Sin Tugurios neighborhood in Medellin, which is a concentration of 700 houses which were built and turned over at no cost to some of the most neglected citizens in the capital of Antioquia by Pablo Escobar in 1985, the golden era of his political power. Without haste, the two young drivers got out of the truck and suggested to the shopkeeper that he have a look inside the vehicle. Then they disappeared.

From Euphoria to Caution

Newsmen had already been alerted by anonymous telephone calls and were in the neighborhood. When they went to the truck and broke the lock, they found the woman, Patricia, and her daughter Diana. More fatigued than upset, they began to open up Pandora's Box. The mother read the Statement of "the extraditables" in response to that of "the notables" over all of the radio networks.

With patriotic rhetoric, which in some cases seemed ridiculous and in others was irritating, because of who the signatories were, the specific proposals of "the extraditables" were set forth. Admitting that they had been defeated by the state, they proposed to lay down their weapons, to release the individuals they were holding hostage, to suspend drug shipments, to turn over the explosives, laboratories, hostages, and clandestine landing strips, and to cease their attacks upon and executions of leading political, trade-union, government, and court figures, as well as journalists, policemen, and military personnel.

Almost euphorically, all sectors concluded that the state had triumphed over organized crime. However, there were reservations involved in this satisfaction. The questions were not long in coming. Was this a new kind of blackmail, as Gen Bedoya had warned? Or was it a specious kind of distraction, in view of the implacable persecution by the Armed Forces? Was it total surrender, or the beginning of negotiation? Finally, was Pablo Escobar now really prepared to keep his word?

EL TIEMPO admitted that a counterstrike of this scope and magnitude had never been imagined, but asked the government to remain cautious and not to overlook the possibility that the narcoproposal might turn out to be a Trojan horse.

The principal doubt which persisted until Friday had to do with the attitude the national government would adopt, with such a hot potato to handle. That day, the doubt was dispelled by the presidential statement, which was also designed to respond, although indirectly, to the Statement of the Extraditables, and to eliminate the sense of contradiction which had been created in the people by the spontaneous statements made by military and civilian officials.

Without altering the position of refusal to negotiate with the drug traffickers, or yielding on the battle against terrorism, the presidential statement left the door open for the drug traffickers to proceed to keep their promises, with the statement that those accused would benefit from the legal and constitutional guarantees. Basically, the document said everything and nothing. But it served its purpose.

What President of the United States George Bush said, on the other hand, was entirely radical. He stated in Washington that "I have a credibility problem" with the drug traffickers.

Certainly no one imagined that there would be an immediate response. The very day the statement by Bush was published, "the extraditables" released Roberto Mauricio Toro, the son of one of the owners of the Almacenes Exito [grocery] chain, who had been required to memorize a message for the President of the United States. "If you do not trust the word of the drug traffickers, then why negotiate with them, and why ask them to testify against other accused persons?"

The release of Toro served as yet another proof of the decision of the drug traffickers. And it was not to be the last. On Friday, another kidnap victim, Luis Carlos Vargas, co-owner of the Duque Vargas Art Gallery and a Medellin Stock Exchange broker, was set free, also in Medellin, "as a gesture to convince the government and the people of the goodwill of the drug traffickers," it was stated.

At the end of the week, no one could deny that the country felt a cautious sense of relief. Although many insisted that "not so much will come of this," even the most fanatical advocates of war without quarter admitted that there was reason for hope.

Certainly the word of individuals who for the past 10 years have done little but commit crimes is not the best insurance policy for guaranteeing peace. But as someone put it, in justification of hope, "any progress made is better than the previous situation."

* FARC, ELN, EPL United in Common Front

90ET0103B Bogota SEMANA in Spanish
16 Jan 90 pp 22-26

[Text] It could not be more ironic. While the general secretariat of the FARC [Revolutionary Armed Forces of Colombia] personally submitted a new peace proposal to the members of the Presidential Advisory Commission in La Uribe, the fighting intensified between the army and the guerrillas of the 24th front in the Magdalena Medio. Once again the FARC were extending the olive branch with one hand and brandishing weapons with the other.

The double-dealing to which Jacobo Arenas and his people have inured the country surprised no one—not even the administration that had just met with them. Both the adviser for peace, Rafael Pardo, and the interior minister, Carlos Lemos Simmonds, acknowledged the existence of a new FARC Offensive, which they cited as an obstacle to a continued dialogue with the guerrilla group.

What is worrisome, however, is not really the fact that the FARC are showing that they are still two-faced but the reason for the offensive, according to military intelligence agencies: the recovery of the Magdalena Medio, which they lost to Jose Gonzalo Rodriguez Gacha 5 years ago.

Such an announcement could not be more tragic for an area that has been the epicenter of violence in Colombia over the past decade. The FARC's intentions mean, bluntly, that the future in store for the Magdalena Medio over the next decade promises to be not too different from the past, when it was first besieged by the guerrillas, then by paramilitary groups seeking to stop them, and finally turned into a haven for drug traffickers and their thugs.

In Search of Paradise Lost

Although according to military intelligence the FARC set their plan in motion in mid-December, after the death of "El Mexicano," their objective is nothing new. We need only recall that back in 1987 Braulio Herrera had been sent precisely to the Magdalena Medio for the sole purpose of reinforcing the guerrilla fronts there and attacking Rodriguez Gacha's self-defense force. It was the failure of this offensive that reportedly prompted Herrera's subsequent trial before the secretariat and even his death sentence.

The fact is that as far as the FARC are concerned, recapturing the Magdalena Medio is not just a major military objective but also practically a question of honor. For years, by dint of extortion and kidnaping, the FARC were the lords and masters of this zone, where practically nothing moved without the guerrilla group lying in wait to collect a fee for it, first from the ranchers and then from the coca growers. Rodriguez Gacha's arrival changed things, however. At first El Mexicano was the ideal partner. In exchange for protecting crops the guerrillas received money either from the owners of the business or from the small growers from whom they collected the gram tax. Soon, however, the battle for power scuttled the alliance. The FARC thus became the worst enemy of Rodriguez Gacha and his organization (see SEMANA, 1 August 1989).

The war that the two bands have fought since then has been without mercy. Not only have men on both sides, such as Jaime Pardo Leal and Pablo Guarin, been its victims, but the Magdalena Medio wound up being one of the main battlefields in fighting between Rodriguez Gacha's private army and the FARC, which saw not only their military power in the zone threatened but also their most lucrative business and main source of financing: coca (see SEMANA, 14 February 1989).

What happened then is well known: the emergence of the paramilitary groups, their training by foreign mercenaries, and a war that wound up turning the Magdalena Medio into the most violent region in the country. El Mexicano and his professional thugs, armed to the teeth thanks to drug-trafficking money and in many areas supported by the ranchers and landowners themselves, who also saw the FARC as their tormentors, in the end practically evicted the FARC from this territory, which the secretariat is trying to recapture now that the brains behind the organization is dead.

The Winds of War

If the control that Rodriguez and his lieutenants exerted over the Magdalena Medio had brought relative calm (because they had defeated one of the paramilitary powers there), the new onslaught by the FARC will certainly put an end to it.

The initial fighting this year has already given us an idea of what a resumption of the war could mean. This time, however, the FARC are apparently not alone. Military intelligence agencies feel that the ELN [Army of National Liberation] and probably EPL [Popular Liberation Army] groups operating in the region are standing alongside them. With El Mexicano dead and his organization dismembered and facing financial and operational problems, the guerrillas perhaps feel that forming a united front will enable them to win the war this time.

It is hard to predict right now what the opposing side's capacity to react will be. Although it is true that Rodriguez Gacha's men in the Magdalena Medio became the best armed and best trained private army in the country, it also seems to be a fact that they fled in disarray after their leader's death. It is precisely this group of heavily armed and highly skilled thugs whom the authorities blame for the recent wave of kidnapings in the central region of the country, Antioquia in particular. According to intelligence agencies, the same men who used to protect Rodriguez Gacha, who in turn protected them, are now looking feverishly for new jobs and money by kidnaping people and demanding hefty ransoms. If this is true, not many of these estimated 1,000 to 5,000 men (depending on the extent of their training) will likely be prepared to wage on their own a war in which, in the final accounting, they would be just pawns.

As for the actions of the authorities, both the military high commands and the interior minister himself have announced that the response to the FARC offensive will be military, regardless of whether the government holds peace talks with the secretariat. Proof of this is the operation that members of the Second Army Brigade conducted last week around San Pablo (Bolivar), where during several days of fighting the military killed 18 guerrillas and succeeded in dismantling what the Armed Forces called the biggest guerrilla training school in the country.

In spite of the authorities' resolute decision to go all-out in countering the FARC offensive, there is no guarantee of success. Various administrations have tried for three decades to do away with this guerrilla group, only to wind up in a stalemate, forced to acknowledge that neither side is in a position to win the war. The need for a dialogue then reemerges.

And What About Peace?

Under current circumstances, however, the administration can hardly continue the direct talks in La Uribe. The FARC have sought to portray as new a proposal that is actually the same one that they have been submitting for some time now and that they reaffirmed at their Fourth Summit last year: constitutional reform and a plebiscite. Only, this time the secretariat wants a plebiscite on calling a National Constitutional Assembly. In exchange the FARC are offering to become a legal political party, and they have already chosen a name: the Bolivar Gathering of the People.

The proposal, which was sent to President Barco through the members of the Advisory Commission for Peace who were in La Uribe last week, can only be shelved for the time being. The administration has said that it will study it but also that it does not plan to respond until the FARC end their offensive. If we bear in mind how important recapturing the Magdalena Medio is to this guerrilla group, then the seven pages that Jacobo Arenas delivered to government officials will probably remain on the desk of the president and his advisers for a long time yet, without warranting a reply. As administration officials told SEMANA, "we're not interested in involving the next administration in a process that has no outcome."

What is bad for the current administration is that with the suspension of the talks with the FARC and the standstill of the process with the M-19, the bottom line on President Barco's peace initiative is, in any event, quite poor, in spite of his efforts. It remains to be seen whether in the home stretch Pardo and his boys will manage a decent showing to justify the 4 years of hard work that this administration has devoted to a goal that still seems impossible in Colombia: peace with the guerrilla groups.

ELN Murders 4 National Army Soldiers in Ambush

PA2702180590 Bogota Inravision Television Cadena 1 in Spanish 1734 GMT 27 Feb 90

[Text] The ELN [Army of National Liberation] once again unleashed an attack on the National Army this morning. Four soldiers were killed in an ambush near El Carmen del Atrato, Choco Department.

Head of Paramilitary Group Breaks Out of Jail

PA2702200090 Hamburg DPA in Spanish 1546 GMT 27 Feb 90

[Text] Bogota, 27 Feb (DPA)—Barely seven hours after his arrest, one of Colombia's most wanted men, former Puerto Boyaca Mayor Luis Roberto Rojas, accused of sponsoring the formation of ultrarightist paramilitary groups, was liberated by heavily armed men that stormed the jail, it was officially reported today. Rubio Rojas had been captured yesterday by a military patrol at a farm near Puerto Boyaca following an order by the public order judge that linked him to three mass murders of peasants that took place in recent years. Approximately 90 persons were killed in these massacres.

It was reported that 15 men carrying rifles and fragmentation grenades stormed the prison and, following a brief shootout with the jail guards and policemen, took him to an unknown location. According to the charges, Rubio Rojas, together with the drug trafficking mafias, bankrolled the creation of "gunmen schools," to train mercenaries in service of the drug cartels in anticommunist doctrines. As was disclosed several months ago, those centers were headed by former Israeli Army Colonel Jair Klein, who was hired for that purpose by the late drug trafficker Gonzalo Rodriguez Gacha, the Medellin Cartel's second "capo."

Government Announces End to Import Tariffs

PA2602173190 Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 24 Feb 90

[Report by Oscar Galvis]

[Text] [Galvis] The government decision to decree deregulation of the economy, which will allow a multitude of products to enter the country without tariffs, has been the object of either acerbic criticism or vehement support. Some criticize the government for making a hasty decision, others praise it for its courage. Let us see what the specific aim of the economic decree is and what some sectors think.

The only things Colombians will not be able to import will be weapons, chemical materials used to process cocaine, and agricultural products. This was established after the government unveiled the economic deregulation program. Over 800 products that required a prior license can now be freely imported, thanks to a resolution issued by the Foreign Trade Executive Board. The articles included in the free import rule are sponges, vaseline, paraffin, fungicides, gauzes, glue, cement, [word indistinct], as well as electrical home appliances, watches, clothing, and cars.

With this economic measure, the government wants to put Colombian industries at a competitive level. This program will be implemented over a five-year period. During the first phase, tariff restrictions will be dismantled. The goal for the second phase is to make Colombian industries competitive abroad. The government also announced that credit will be given through different organizations so that companies are modernized and become competitive.

[Begin Foreign Trade Institute Director Arturo Saravia recording] Colombia cannot remain isolated with an inward development model without the possibility of reaching the international market with more favorable conditions. [end recording]

[Galvis] In the steel industry, economic deregulation can be implemented soon, but that will not be the case in the agricultural product sector.

[Begin recording] [Economic Development Minister Mercedes Cuellar de Martinez] The steel industry is included in the approved package. Owing to its own condition, it will be protected, as any other sector of the economy.

[Agriculture Minister Gabriel Rosas-Vega] We must foster the conditions so that the deregulation is carried out in a gradual and careful manner and fulfills the goal of preserving a solid agriculture. [end recording]

[Galvis] The government has announced loans through the Fund to Promote Exports and [words indistinct] for 400 billion pesos for the economic deregulation program.

Peru

Panama's Arias Sees Garcia, Briefs Reporters

PY2802111790 Lima Television Peruana in Spanish 0000 GMT 28 Feb 90

[Text] President Alan Garcia received Panamanian First Vice President Ricardo Arias Calderon in Government House today. Upon leaving Government House, the illustrious visitor said that his meeting with the Peruvian

chief of state has served to reinforce the traditional ties of friendship between the two countries and that it marks the beginning of a new phase in their bilateral relations.

Arias Calderon and President Garcia talked for an hour and a half in private. Arias—who, apart from being Panamanian vice president, is also government minister—arrived at Government House accompanied by Joaquin Fernando Franco, adviser to Panamanian President Guillermo Endara. They were received by General Jose Pastor Vives, Military Household chief. It is Arias and Franco's mission to begin the necessary contacts for the normalization of diplomatic relations between Peru and Panama.

[Begin recording] [Reporter] Mr. Vice President, we would like to know what this meeting with President Alan Garcia means for your government.

[Arias] It has been an important step toward reinforcing the traditional ties of friendship between our peoples and toward promoting the full normalization of our international relations. President Alan Garcia received Second Vice President Guillermo Ford and myself with an understanding for our struggle for democracy. We believe that if we leave our disagreements aside, traditional Latin American friendship and fraternity will be reinforced by this visit.

President Endara is very thankful for this gesture, this invitation made by President Alan Garcia.

[Reporter] When will the Panamanian ambassador return to Peru?

[Arias] That is a Peruvian Government decision. My presence here is due to President Alan Garcia's invitation. He expressed his wish to normalize our international relations rapidly.

[Reporter] [Question indistinct].

[Arias] There is no specific date, but I hope it will be soon.

[Reporter] How does Panama view the Nicaraguan (?election results)?

[Arias] I think that all Latin America sees in Violeta Chamorro's triumph the reassertion of its deep democratic belief. Only Haiti and Cuba remain to be democratized. A completely democratic America will mean our democratic integration.

[Reporter] Could you describe the current Panamanian situation?

[Arias] Panama has entered into complete democracy. Our Legislative Assembly will open on 1 March based on the election results of last 7 May. By then our three government branches will be constituted for the first time in a generation, in keeping with the Constitution and with the democratic system. There is full freedom of expression in my country, as there has never been in a generation. Not one Panamanian remains arrested by order of the executive branch. All arrests are ordered either by the Interior Ministry or by the courts, which are working with total independence from the executive branch.

In only 60 days we managed to pass from a shameful and sinister dictatorship to a democratic constitutional system. Human rights are now respected as never before in a generation.

We are living through an unprecedented experience in Latin America: We are transforming an Army aimed at domination into a national police force aimed at service. The four basic services of this police force have been separated under their own commands, directly subordinate to a civilian authority and fully recognizing the president of the Republic as the supreme chief. This deep transformation of what was a domineering Army into what is now beginning to be a national police force that serves the Panamanian people reasserts our nationality. Through national means we will offer security and respect for human rights.

[Reporter] [Words indistinct] who requested asylum in the Peruvian Embassy?

[Arias] According to all diplomatic norms and in respect for the valid treaties on asylum, whatever the result of those treaties.

[Reporter] Mr. Vice President, is the U.S. transference of the Panama Canal to your country completely guaranteed?

[Arias] I must categorically state that President Endara's administration and the U.S. Government absolutely respect the Torrijos-Carter treaties, since they are the instrument for the full nationalization of the Panama Canal in keeping with the schedule established by these treaties. This has been an absolutely unchangeable principle for my country throughout this crisis.

[Reporter] Do you think relations between Peru and Panama can improve as long as those people who requested asylum remain in the Peruvian Embassy?

[Arias] The fact is that I am here on the invitation of President Alan Garcia, who received us in a great demonstration of friendship and mutual respect. I think all problems between sister countries can be solved. Friendship and fraternity must always prevail.

[Reporter] Could those who requested asylum be given safe-conducts?

[Arias] As I just said, everything will be done in keeping with valid treaties on asylum.

I would like to say something on a subject that you have not asked about, for I like to be clear in politics. The U.S. military action on 20 December was not requested either by President Endara, Vice President Ford, or myself. We

learned of that action as a decision made by someone else, a few hours before it took place.

This military action was unfortunately provoked by a criminal dictator who, a few days earlier, had declared the country in a state of war, an incredibly absurd situation in history. Given this fact, those of us who were elected by the Panamanian people acted on the people's will to fully reassert our national sovereignty. This has been the sentiment behind our actions since the December events.

I observed in our meeting with President Garcia and in his statements a desire to look beyond the events that took place—and which we experienced from different perspectives—in the past and for history, so as to keep alive a future of fraternity for Latin America, a fraternity that has always been very special for Panamanians and Peruvians. [end recording]

Terrorists Kill Engineer, Dynamite Bank Offices

PY2702220090 Madrid EFE in Spanish 0552 GMT 27 Feb 90

[Text] Tarma (Peru), 26 Feb (EFE)—The police reported today that terrorists of the Maoist Shining Path group have murdered an engineer who was in charge of a state unit [not further identified], and carried out several dynamite attacks against bank offices and a hotel in Tarma.

The police reported that engineer Folker Sotelo was shot dead last night by two individuals in the province of Tarma (250 km northeast of Lima).

Early this morning, another Shining Path group dynamited four bank offices and a hotel, and set fire to a gasoline station in the same province. These attacks caused considerable property damage.

A civilian authority, who asked not to be identified, has reported that "Tarma is virtually unprotected because the terrorists seem to outnumber the security forces." He added: "We face a serious situation" because despite repeated requests to increase the number of soldiers and policemen, "they do not pay attention to us."

Shining Path Murders Peasant Defense Members

PY2702231890 Madrid EFE in Spanish 0444 GMT 27 Feb 90

[Text] Ayacucho, (Peru), 26 Feb (EFE)—It was reported today in Ayacucho that at least 16 members of the "Peasant Defense Patrol" (the civilian militia that fights subversion) died and another 30 were wounded during an attack by a "Shining Path" column.

Truck drivers who transport freight to the zone and who arrived today from Machente (La Mar Province), 196 km northeast of Ayacucho, have reported that the Shining Path attack took place unexpectedly on Friday night [23 Februry]. The drivers reports have been neither denied nor confirmed by military and police authorities. They reported that they saw ambulances carrying the wounded to the hospital in San Francisco, La Mar Province.

The number of victims of political violence in Peru now stands at more than 600 this year, and the total number of people killed since the "Shining Path" began its armed struggle in 1980 now totals 18,000, according to a Congress commission which is studying the causes of violence in Peru.

Police sources today reported in Ayacucho, 575 km southeast of Lima, that according to reports by relatives over the past week 30 young men were abducted by Shining Path columns that intercept passenger buses and private vehicles on the highways in the department. The sources added that the Maoist group is recruiting people like that for their organization, under threats of death.

Today the government extended the state of emergency for 60 days in nine of the 24 Departments into which Peru is politically divided, among them Ayacucho, because of the terrorist action that persists in those areas. This measure will be implemented until 2 weeks after the general legislative elections that are scheduled for 8 April 1990.

Uruguay

Labor Group Refuses To Grant Truce to Government

PY2702235490 Montevideo EL DIA in Spanish 22 Feb 90 p 1

[Excerpt] The PIT-CNT [Interunion Workers Plenum-National Convention on Workers] yesterday decided not to grant the union "truce" that President-elect Luis Alberto Lacalle requested on 16 February for the first 100 days of his government.

"Lacalle's announced economic measures grant no truce to the poorest sectors of society. There is therefore no reason for the union movement not to use all available mechanisms to prevent a further reduction in real salaries and consequent deterioration of the workers' living conditions," leader Oscar Groba has stated.

The executive secretariat of the workers confederation held a meeting yesterday morning and approved a statement that says: "Unfortunately, the answers given by the president to the minimum demands of the workers show his intention to continue tightening the tourniquet on the poor." [passage omitted]

President-Elect Appoints Ministers, Secretaries

PY2702235890 Montevideo EL DIA in Spanish 23 Feb 90 p 7

[Summary] Raul Lago has been appointed minister of housing, territory, and environment [ministro de vivienda, territorio y medio ambiente]. This new ministry will be created after President-elect Lacalle has been inaugurated. [Montevideo EL DIA in Spanish on 23 February on page 7

also reports that President-elect Luis Alberto Lacalle confirmed Jose Villar as tourism minister in the new administration.]

It was also confirmed that economist Eduardo Ache will become a director of the Central Bank; Conrado Hughes and economist Ramiro Nunez will become director and deputy director, respectively, of the Planning and Budget office; and Daniel Azzini will become director of the Free Zones Directorate.

Venezuela

Foreign Minister Comments on Chamorro Victory

PA2702014990 Caracas Venezolana de Television Canal 8 in Spanish 0001 GMT 27 Feb 90

[Monitored in progress]

[Text] ...Mrs. Violeta Chamorro for her victory, and he also congratulated President Daniel Ortega for the gallant manner in which he fulfilled his promises of democratizing Nicaragua. In the official communique, the national government emphasizes that this outstanding event pleases us because the Venezuelan Government and Venezuela's Supreme Electoral Council fully cooperated so that the will of the people would be respected.

Referring to the honesty of these elections, Venezuelan Foreign Minister Reinaldo Figueredo gave exclusive statements to our reporter Martin Pacheco. Foreign Minister Figueredo pointed out that this is a day of rejoicing because the Nicaraguans chose the government they wanted, and now the most important thing is for the Sandinists and Mrs. Chamorro to work for national reconstruction in order to show the U.S. Government and other Latin American countries that they are determined to seek the prosperity of the Nicaraguan people.

[Begin Figueredo recording] We Latin Americans are capable of solving our own problems. I think that we must ask the United States—and particularly President Bush—to understand this, and he has said he will do so. Now, let us all cooperate. This is one more step in the process of normalizing the region. We still have pending El Salvador, and I believe it is important that we now devote our efforts to El Salvador. [end recording]

Guyana

Political Leaders React to Nicaraguan Elections

FL2702234690 Bridgetown CANA in English 2255 GMT 27 Feb 90

[Text] Georgetown, Guyana, Feb 27, CANA—Guyana opposition leader Dr. Cheddi Jagan on Tuesday said he hopes that the U.S. Administration will use its influence to ensure that the Nicaraguan model of presidential and parliamentary elections will be made applicable to Guyana.

In a comment to CANA on the outcome of the Nicaragua elections in which the Sandinista government was defeated by a 14-party opposition coalition, Dr. Jagan praised the electoral process in Nicaragua and said it should be a model for Guyana. Dr. Jagan has consistently accused the ruling People's National Congress (PNC) of retaining power by rigging elections here, and the PPP [People's Progressive Party] and other opposition parties are currently engaged in a campaign here for electoral reforms.

The PNC has repeatedly rejected the election-rigging charges. The PPP leader noted that there was a completely independent electoral council and that the Nicaraguan government had invited a number of bodies, including the United Nations, the Organisation of American States, the European Parliament, the Carter Centre and the Centre of Democracy in Washington and "scores of other people and organisations" to monitor the elections.

He noted too that U.S. President George Bush in a recent Republic anniversary message to President Desmond Hoyte said he was hopeful that national elections here which will be held within the next year "will reflect the democratic values shared by both our peoples." He said he hoped that the U.S. Administration "will lend its tremendous influence and prestige" to ensure that the Nicaraguan electoral model which was endorsed by the UN, by the OAS, the European Parliament and others, will be "made applicable to Guyana."

The opposition Working People's Alliance on Tuesday declared that the results of the elections in Nicaragua were of "great significance" for Guyana. The party complained that there was foreign interference by the United States in the poll. Moses Bhagwan, a leading member of the WPA [Working People's Alliance], said the results speak very highly of the Sandinista government which gave a commitment to hold free and fair elections and did so. "The results have shown that they have not by the way fiddled or rigged the electoral process and the results have come out which appear to be acceptable to all," Bhagwan said.